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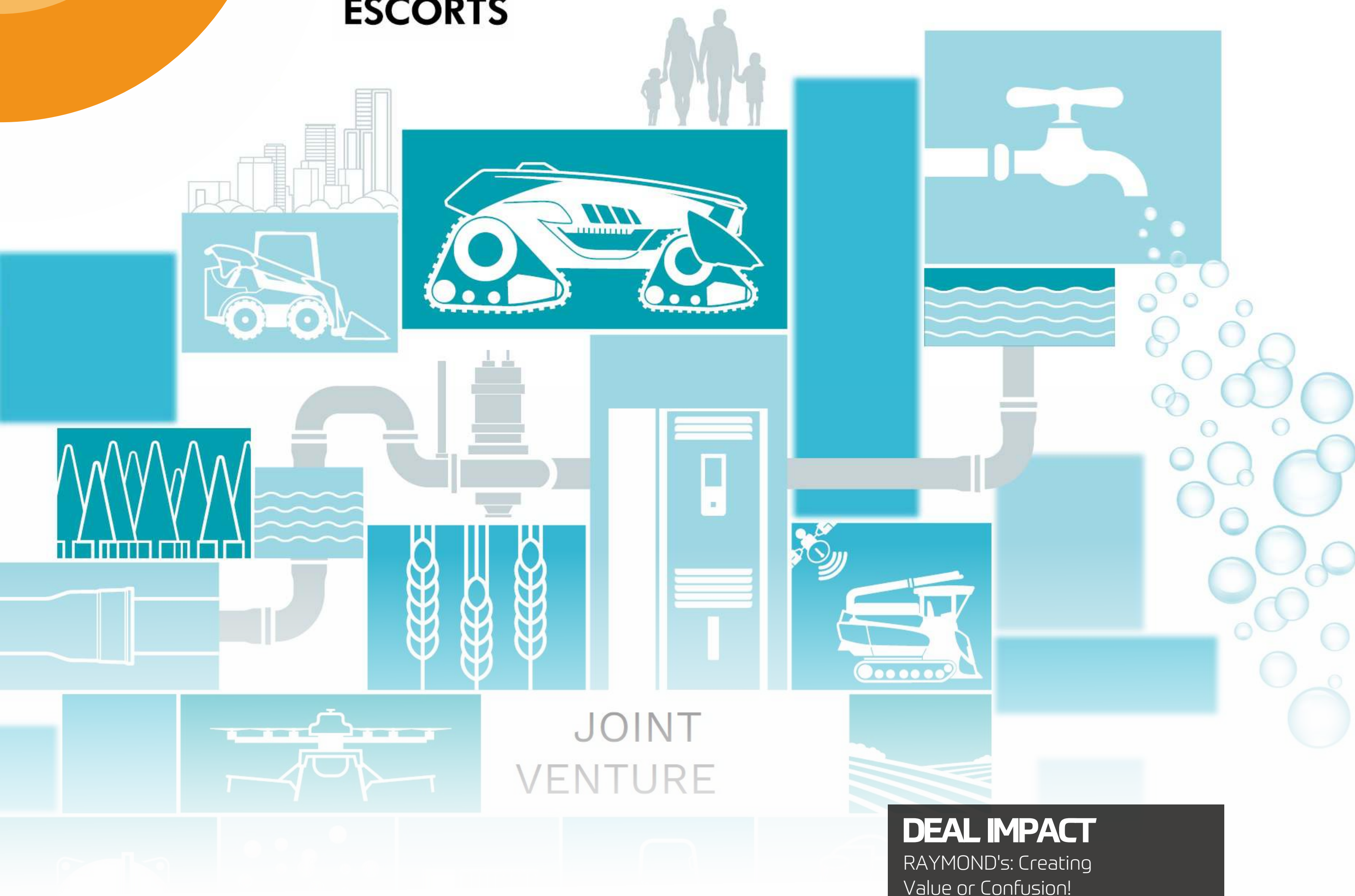


## Kubota to have controlling rights in Escorts making it a Japanese MNC Company

### DEAL IMPACT
RAYMOND's: Creating Value or Confusion!

### DEMERGER
National Peroxide Limited Demerger - Wadia Group create core chemical company

### LEGAL
SOP - OBSERVATION LETTER FROM THE STOCK EXCHANGE FOR THE SCHEME OF ARRANGEMENT

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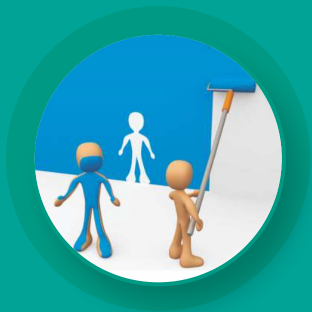

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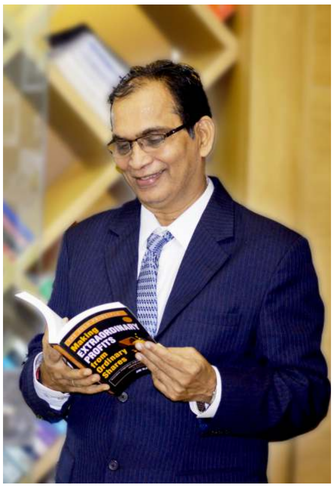

It is the end of the year, and we urge that everyone take time to contemplate the things one has seen this past year and set goals for the New Year. Any goal without process, steps and required skills will be just Wishlist. Having a strategy for its business in the new normal is something every business is still adjusting to. One common thing which is touching lives across all businesses globally are the digitization & trust in technology useful in all sectors in one way or another. This is one of the key reasons which has enabled record deals in Mergers & Acquisitions globally as well as in India. It has also led to change in the mindset of small and medium businesses to expand their horizons looking at expansion or selling opportunities which was limited to the big conglomerates. Startups in the all sectors are looking at accelerated growth which will not only being driven by the funds pouring into them but also technology at their disposal.

Our cover article is on joint ventures of the companies who have been catering to the agriculture sector in its own countries as well as globally. Kubota Corporation, Japanese company started in 1890, entered India in 2018 via a technological and manufacturing Joint venture with Escorts Ltd. for the tractors business. The relationship was taken forward with Kubota acquiring a minority stake in 2020 and eventually it announced recently that is will take controlling stake in Escorts Ltd thus completing their marriage. The synergy from this deal can be significant for both the companies going forward.

Hydrogen peroxide is a chemical which is used in variety of sectors and its demand is increasing with advent of its used in the food and beverage industry. Looking at the future requirements for the this, National Peroxide Ltd. (NPL) a leader in manufacturing hydrogen peroxide has decided to separate its chemical business as an independent listed company to fuel its growth and create value for investors.

Raymond is known for its apparel business especially in Corporate India. But it is also in various other businesses like engineering, auto components as are real estate development. In this article we look at its' old scheme which in spite 2 years was not getting approval and the new scheme which they have submitted. The intentions behind both the schemes seems to be segregation of the businesses for better management but the new scheme is an opposite of the earlier scheme. Not only that, but the company also already announced OFS for JK files Ltd, the consolidated engineering arm

BSE (Bombay Stock Exchange) and NSE (National Stock Exchange) vide circular dated 1st November 2021 and 2nd December 2021 respectively have come out with Standard Operating Procedure (SOP) for first time on application filed under Regulation 37 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 w.r.t. Scheme of Arrangement. In this legal article we look at the amendments in the SEBI LODR and the SOP in depth and how it will affect the timeline for the scheme getting approval from the NCLT.

**Along with our regular features**
**Happy Reading....**

**Dr. Haresh Shah**

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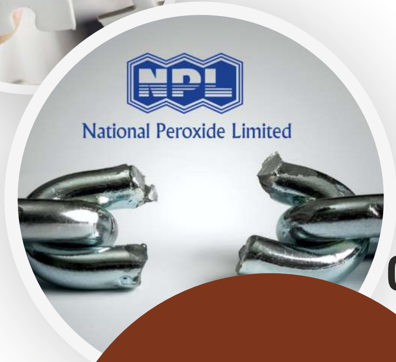


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# RAYMOND's: Creating Value or Confusion!


PADAM SINGH

In 2019, following the industry trend, Raymond Limited announced demerger of "Branded Apparel Business" paving the way for its listing. The move was intended to separate the core activity from other activities such as Real Estate, Auto Components, Engineering etc. which the group transformed over a period. Two years have passed but the company has not received approval from the Honorable National Company Law Tribunal (NCLT).

Recently, Raymond Limited at its Board Meeting withdrew the scheme and proposed a revised restructuring scheme. The new internal re-structuring is totally opposite to what was proposed earlier and seems that it is locking the various businesses under Raymond Limited.

## Overview of the companies:

**Raymond Limited (Raymond)** is India's largest integrated worsted suiting manufacturer that offers end-to-end solutions for fabrics and garmenting. Over the span of years, Raymond has transformed from a textile company to a large, diversified group having interests in men's accessories, personal grooming & toiletries, prophylactics, engineering, and auto components.

**Raymond Apparel Limited (RAL)** is Wholly Owned Subsidiary (WoS) engaged in the business of branded B2C apparels.

**JK Files (India) Limited ('JK Files')** a wholly owned subsidiary of Raymond, engaged in manufacturing of steel files and cutting tool and markets, hands tools and power tools.

**Ring Plus Aqua Limited ('RPAL')** a step-down subsidiary of Raymond Limited engaged in the business of Auto Components.

**Post-arrangement, Raymond will house the B2C apparel business in standalone entity while Lifestyle B2B businesses shall continue to be in its subsidiaries.**

**Scissors Engineering Products Limited ('SEPL')** a wholly owned subsidiary of Raymond which holds 89.07% equity stake in RPAL.

## The Transaction:

The following internal restructuring has been proposed by Raymond:

1. Demerger of **B2C business undertaking** including shares in Colorplus Realty Limited, J.K. Investor (Bombay) Limited and Accurate Finman Services Limited of RAL into Raymond.

2. Consolidation of Tools & Hardware and Auto Components Businesses into JK Files (India) Limited. The Auto Components business being conducted by Ring Plus Aqua Limited ('RPAL'), a step-down subsidiary of Raymond Limited. Raymond entered into an agreement with JK Files, to transfer its entire shareholding in Scissors Engineering Products Limited, a wholly owned subsidiary of Raymond which holds investment in RPAL into JK Files, thus effectively making RPAL a step down subsidiary of JK Files; and

3. Subsidiarisation of the Real Estate Business: The board gave in principal approval for subsidiarisation of a Real Estate Business into a wholly owned subsidiary by way of a slump sale/demerger or any other suitable mode. The Real Estate business shall consist of approximately 40 acres including current resident project at Thane. The balance 40-acre land will continue to be in Raymond Ltd which will be monetized in due course of time.

As mentioned in the Scheme, the entire B2C Apparel business of RAL will be transferred to Raymond except:

i. Intellectual Property Rights in brand/trademark "Notting Hill".

ii. The Notting Hills Business and

iii. 2 Brand Stores located in Pune & Bengaluru each.

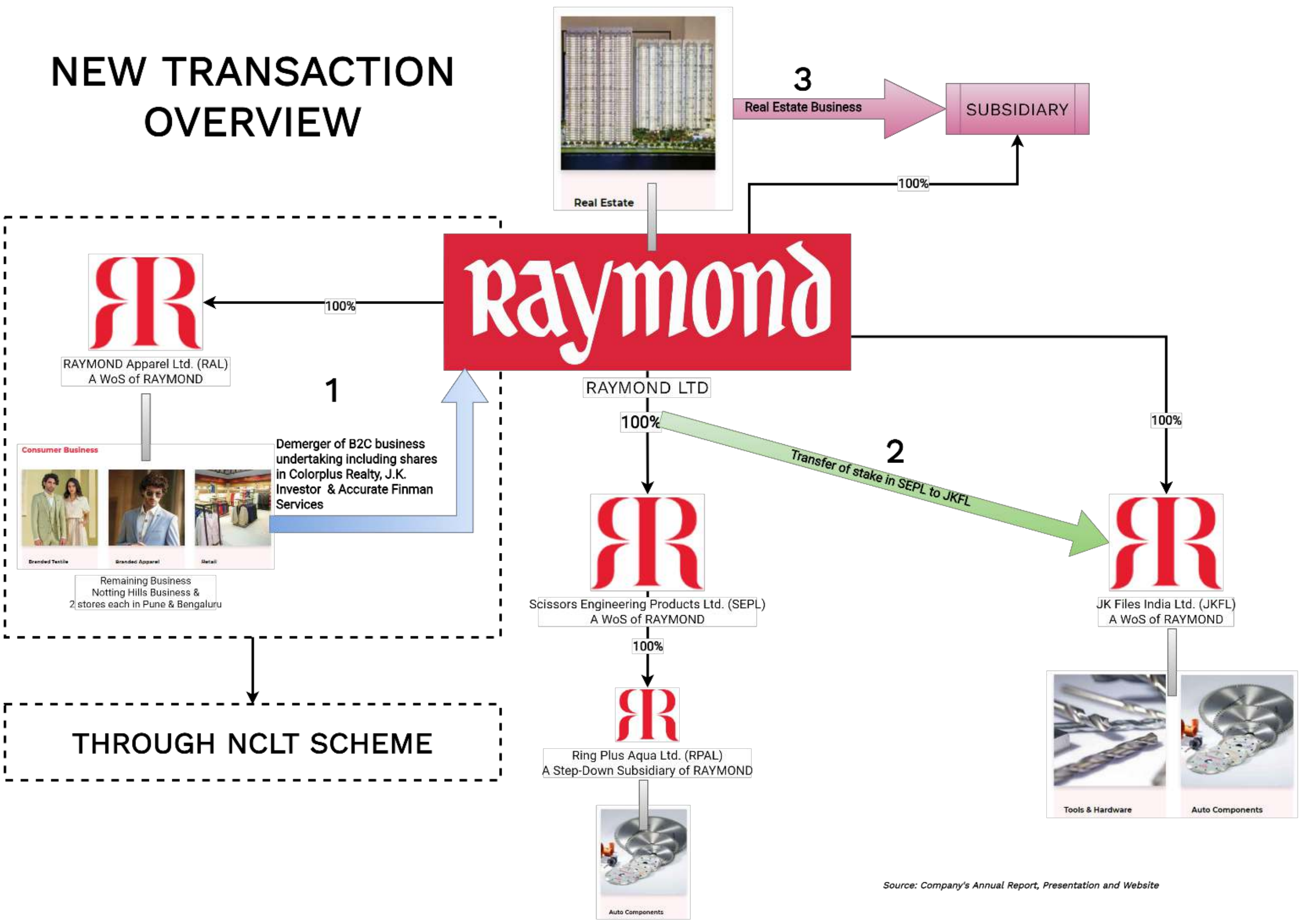
There is no explanation provided by the management for not transferring the above three as part of the scheme. The reason for keeping 2 brand stores with RAL could be regulatory challenging in transferring the rights in those properties especially if they are leased properties. Though based on facts available, reason for not transferring "The Notting Hills Business" may be to avoid transaction getting covered as merger under Sec 2(1B) of the Income Tax Act,1961.

## Rationale of the Scheme:

Some of the rationale as envisaged by the management in the proposed Scheme:

1. Consolidation of branded textile business for strong market presence,

**The Appointed date for the demerger is 1st April 2021.**




*Source: Company's Annual Report, Presentation and Website*

stronger revenues, reducing business risk etc.

2. Synergy benefits in terms of design & innovation, sourcing etc.

3. Enhanced Shareholders value

4. Focused strategy and specialization for sustained growth and profitability

5. Clear strategic roadmap towards improved performance

***With the proposed structure and further subsidiarization of real estate & Tools & Hardware and Auto Components Businesses into JK Files, it will be interesting to see how it amounts to improved performance for each of the businesses and creates value for the minority shareholders***

Post-arrangement, Raymond will house Branded textile as well as Branded Apparel Business together in standalone entity. While Lifestyle B2B businesses of Garmenting and High Value Cotton Shirting continue to be in the subsidiaries of Raymond Ltd.

Raymond entered "Real Estate Business" in 2019 by starting development of its own land bank in Thane, Mumbai. Due to sea changes in Real Estate sector in India, huge opportunity has emerged for organized developers. As a result, Raymond decided to scale up the business significantly. In future, company will look for Joint Venture/development opportunities.

The consolidation of Auto component business with tools & hardware business was done for the upcoming initial public offering (IPO) of JK Files. After transferring the entire shareholding in SEPL to J K Files, SEPL transferred its 89.07% equity stake in RPAL to JK Files, making RPAL direct subsidiary of J K Files. Subsequently, the name of the JK Files (India) Limited changed to JK Files & Engineering Limited.

The proposed IPO of JK Files will be entirely of an Offer for Sale (OFS) and circa INR 800 crore proceeding from an IPO will be directly received by the Raymond.

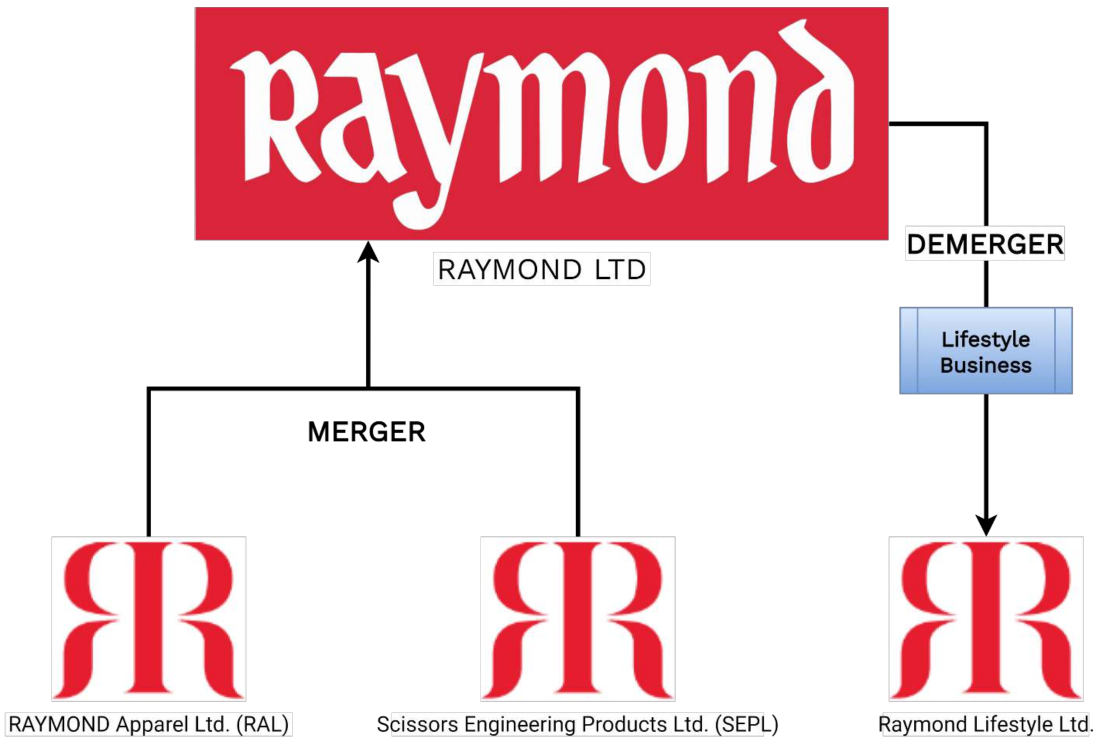
## Accounting treatment:

As both RAL & Raymond are under common control, both companies shall account as per "Appendix C of Ind As-103: Business Combination. The prescribed accounting treatment will be followed by both entities.

## Taxation:

The demerger will be a tax neutral transaction as per section 47(vib) read with section 2(19AA). Further, for transfer of stake of SEPL to JKFL for nil consideration, tax implications may or may not arise. .

# OLD TRANSACTION OVERVIEW




*Source: Company's Annual Report, Presentation and Website*

# Financials

## Financials by Business Divisions for FY 2021

(All figs in ₹ Crores)

Revenue · EBIT · Segment Assets · Segment Liabilities · Capital Employed · RoCE

| | Revenue | EBIT | Segment Assets | Segment Liabilities | Capital Employed | RoCE |
|---|---|---|---|---|---|---|
| Textile | 1,571 | 57 | 1,835 | 949 | 886 | 6.4% |
| Garmenting | 549 | -6 | 492 | 243 | 249 | -2.4% |
| Apparels | 456 | -235 | 1,057 | 757 | 300 | -78.3% |
| Tools & Hardware | 344 | 33 | 187 | 120 | 67 | 49.3% |
| Shirting | 257 | -35.9 | 592 | 147 | 445 | -8.1% |
| Auto Component | 197 | 27 | 172 | 71 | 101 | 26.7 |
| Real Estate | 141 | 19 | 617 | 266 | 351 | 5.4% |
| Others | 8 | -11 | 34 | 5 | 29 | -37.9% |
| Unallocable | 0 | 0 | 1,961 | 2,284 | -323 | 0% |

Chart: www.mnacritique.com • Source: Company's Annual Report • Created with Datawrapper

## Note on withdrawal scheme:

In 2019, Raymond filed a scheme with NCLT for demerger of B2C lifestyle business into a sperate company for unlocking values for small shareholders, but the scheme was withdrawn. The strategy was like the demerger of the Branded Apparel business [Arvind Limited] and demerger of Branded garment and retail business of [Aditya Birla group] into separate entities and eventually listing them.

Under the earlier scheme, RAL along with SEPL were supposed to be consolidated under Raymond Limited and Lifestyle business (branded Apparel) was to be housed under separate listed company with no connection with other businesses.

The proposed structure shall consolidate the apparels division with textile division under listed entity, Raymond. Shirting & Garmenting business shall continue to be operated through subsidiary. Further, FMCG & Denim business continue to be operated as Joint Venture/Associate.

Due to the pandemic, the returns on branded apparel and shirting business have totally changed. Even, the margins for textile division have significantly deteriorated.

Though the rationale envisaged by the management is the same, the earlier announced structure and recently proposed structure are opposite.

Under the current scheme, Branded Apparel business is getting consolidated at holding company while the real estate business (part of the land bank) will be subsidiarized. Unlike earlier scheme, where branded garments are supposed to get listed separately, the proposed structure will continue to house various unrelated businesses under one roof.

The proposed structure will offer operational flexibility for Raymond to use the cashflow generated from its core business for its other business especially "Real Estate". The subsidiarization of part Real Estate Business could be with intention to invite strategic partner for part business. The strategy of bringing IPO of a subsidiary will generate good funds for Raymond which can be used to fund the growth of its aspiration real estate business. The consolidation of auto component business with tools & hardware business could be to fetch better valuation for the upcoming IPO of JK files.

Though the reason for reversal of earlier scheme is not clearly explained, we hope the management will provide a clear strategic roadmap to shareholders soon and will be able to create substantial value.

# National Peroxide Limited Demerger - Wadia Group create core chemical company


PADAM SINGH

Increasing use of Hydrogen Peroxide in versatile applications like pulp and paper industry, textile, water treatment, and its usage in the food and beverage industry is triggering the product's overall demand. The growing public awareness has compelled most paper manufacturers to invest heavily in greener technologies which are to be used in the paper manufacturing process where Hydrogen Peroxide finds its use.

## Overview of the companies:

**National Peroxide Limited (NPL)** is a listed company and engaged in the business of

i. Manufacturing of peroxygen chemicals and

ii. Making long term investments and corporate lending directly and/or through Wholly owned subsidiary Naperol Investment Limited (NIL).

NPL is leader in the hydrogen peroxide market in India and is one of the pioneers in producing Peroxygen chemicals. The company is promoted by the Wadia group and holds investment in group companies like Bombay Dyeing & Manufacturing Company Limited and Bombay Burmah Trading Corporation Limited.

**Post Scheme Approval National Peroxide Limited will be changed to Naperol Investment Limited and name of NPL Chemical Limited will be changed to National Peroxide Limited.**

**NPL Chemical Limited (NCL)** is a public company and engaged in the business of manufacturing, distributing, and selling peroxygen chemicals. It is a Wholly Owned Subsidiary of NPL and incorporated for the purpose of executing the proposed transaction.

**Naperol Investment Limited (NIL)** is an RBI registered NBFC and engaged in the business of long-term investment, and corporate lending. It is Wholly owned subsidiary NPL. It holds 0.20% shares of Bombay Dyeing & Mfg. Co. Ltd. and 6.13%

of Bombay Burmah Trading Corp Limited.

## The Transaction:

The Board of directors in their meeting held in March 2021 approved a composited scheme of Arrangement which will result in:

1. Demerger of 'Chemical Business' of NPL into NCL and

2. Merger of NIL with NPL.

Appointed date for the transaction is opening of business hours of 1st October 2020.

## Shareholding Pattern:

The shareholding pattern of NCL is mirror image of NPL. As the consideration for swap ratio for demerger is 1:1. Further, there is no change in the shareholding pattern of NPL pre and post restructuring.

## Rational of the scheme:

As envisaged by the management, some of the rationales for the arrangement are:

1. Separation of distinct businesses having different risk & reward

2. To invite strategic investor/partner for a particular business.

3. Consolidation of investment activities at NPL

## Change of Name of companies:

The Scheme also provides for the name of National Peroxide Limited will be changed to Naperol Investment Limited and name of NPL Chemical Limited will be changed to National Peroxide Limited.

## Accounting treatment:

The companies involved in the transaction are account this transaction as per Ind AS- 103: Business Combination.

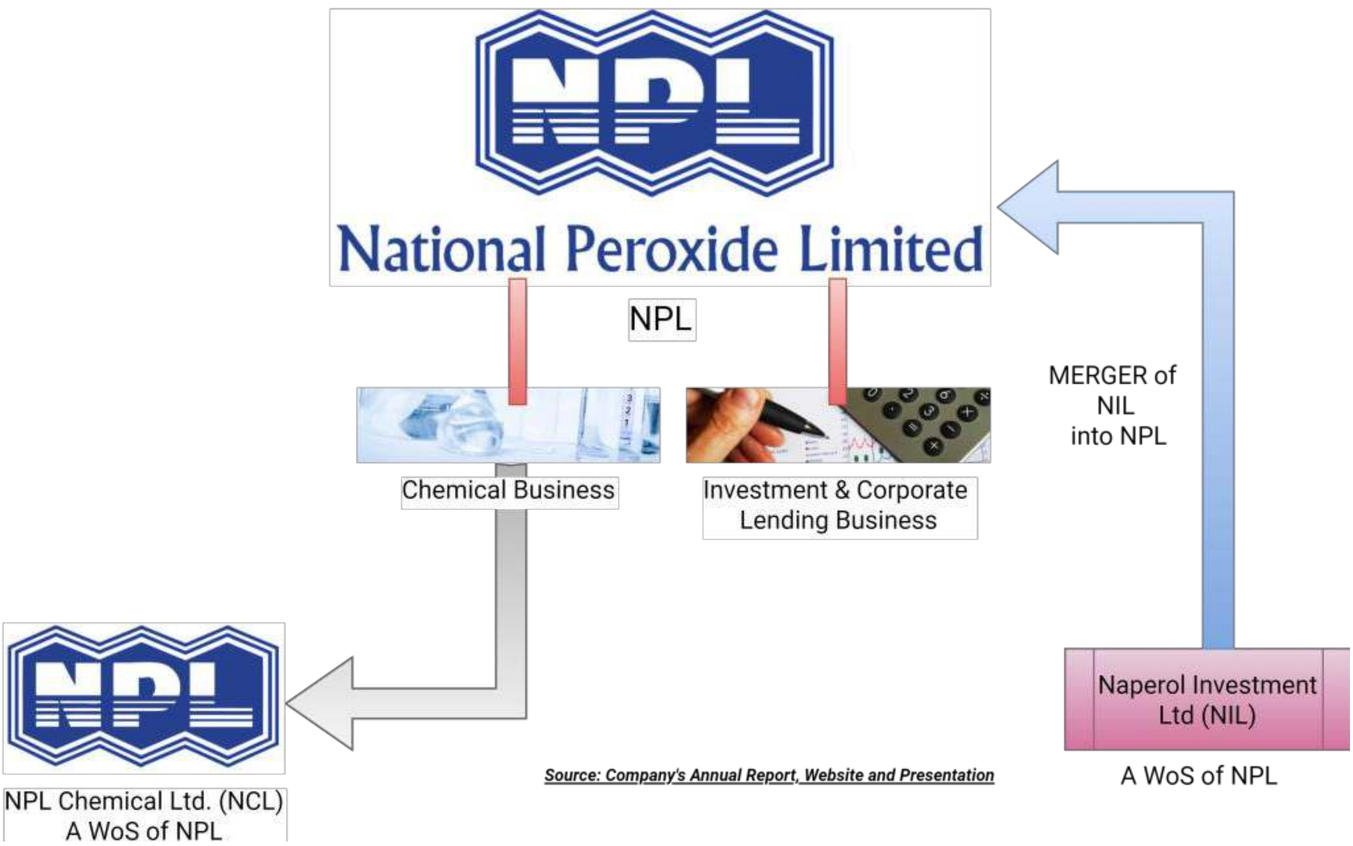
## Taxation:

The transaction is a tax neutral transaction as per section 2(19AA) and 2(1B) read with Section 47(vib) and 47(vi) of the Income Tax Act 1961.

## Why Appointed Date as on 1st October 2020?

If one sees six monthly results for FY 2021(September 2020), the company has PBT of Rs 44 million (excluding other income of circa Rs 60 million) from chemical business. However, in Q4FY21, the company had huge, extraordinary losses of circa Rs 155 million virtually wiping out the whole of the PBT for the

# TRANSACTION OVERIVEW




Source: Company's Annual Report, Website and Presentation

second half FY 21. And if one considers other income of Rs circa 68 million, then chemical business has loss of equivalent amount. As a result, by selecting 1st cotber,220 as the date, more loan gets transferred and write off in second half will impact the balance sheet of the new company leaving more net funds for remaining investment activities. The company written of old assets amounting to 96 million and written off revenue and capital losses arising (including after the balance date) of Rs circa 58 million due to plant shutdown.

## Merger of Remaining entity with Bombay Burmah Trading Corporation Limited:

After the proposed restructuring, NPL will remain as a pure holding company having investments in Bombay Burmah Trading Corporation Limited and Bombay Dyeing & Mfg. Co. Ltd which in turns are also holding companies (to an extent). Instead of having multiple holding companies, management may decide to merge the remaining NPL with Bombay Burmah Trading Corporation Limited. The probable reason for keeping separate entities could be a reduction in promoter's voting rights in group operating companies. (The beneficial ownership will continue to remain same) as the stake held by NPL & NIL in Bombay Burmah Trading Corporation Limited will get cancelled in the process of merger.

## Financial & Valuation:

### Consolidated Financials of NPL

All figs in ₹ Crores

2017-18 | 2018-19 | 2019-20 | 2020-21

| | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|---|---|---|---|
| **Revenue** | 325 | 421 | 209 | 228 |
| From Operation | 315 | 402 | 191 | 215 |
| Other | 10 | 19 | 18 | 13 |
| **PBT (before Exceptional items)** | 146 | 236 | 30 | 28 |
| Finance Cost | 0.51 | 0.73 | 2.74 | 12.66 |
| Depreciation & Amortisation cost | 9.19 | 9.23 | 11.23 | 17.5 |
| EBITDA (excluding other Income) | 145 | 227 | 26 | 45 |
| Net Worth | 1,017 | 1,174 | 802 | 1,067 |
| **% EBITDA** | 46.2 | 56.4 | 13.37 | 21 |

Chart: www.mnacritique.mergersindia.com • Source: Company's Annual Report • Created with Datawrapper

Though the revenue from chemical business has been volatile, it has enormous potential to grow in the coming future. After the arrangement, as NCL will operate as a pure chemical company & future potential of the business, it may capture valuations attributable to a pure chemical company vis-à-vis NPL will continue to have a holding company discount.

The decision of separation of core chemical business from investments in group companies may have multiple dimensions. The decision could be a part of succession planning at Wadia group, or the move is aligned towards inviting a partner or complete exit from the chemical business. By selecting 1st october,2020 as the appointed Date, the management retained more net assets with investment activities as exceptional write off will impact net worth of new chemical company to be listed. As the group has multiple holding companies and having cross holding, it may decide to consolidate all the holding companies at future date.

# SOP - OBSERVATION LETTER FROM THE STOCK EXCHANGE FOR THE SCHEME OF ARRANGEMENT


SANKET JOSHI

The Scheme of Arrangement seeking Stock Exchange's NOC under Regulation 37 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') shall be submitted to the Exchange along with all the documents as per the Exchange Checklist within 15 working days of board meeting approving the draft scheme of arrangement. Securities and Exchange Board of India (SEBI), from time to time, has been issuing various circulars/directions which lay down the detailed requirements to be complied by listed entities while undertaking schemes of arrangements. SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/0000000657 dated **16th November 2021** added three more clauses and replacement of one clause with new requirements in Master Circular dated 20th December, 2020 **effective from the date of circular.**

BSE (Bombay Stock Exchange) and NSE (National Stock Exchange) vide circular dated 1st November 2021 and 2nd December 2021 respectively have come out with Standard Operating Procedure (SOP) for first time on application filed under Regulation 37 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 w.r.t. Scheme of Arrangement.

In this article we have summarized below amendments made under master circular, the SOPs, and its implications on the companies cover by the regulation mentioned above.

## AMENDMENTS IN MASTER CIRCULAR:

Amendments are effective from the date of the circular, hence it seems that it should not be applicable to companies which filed the application before the date. New requirements as per the circular are as follows; –

1. The listed entity shall provide declaration of any past default of listed debt securities of the entities forming part of the scheme. Amendment in Part I Para A 2(j)

Interestingly it refers to entities (which may include unlisted companies or other entities I.e., LLP) which committed default on listed debt securities.

2. No Objection Certificate from the lending scheduled commercial banks /financial institutions shall be obtained. Amendment in Part I Para A 2(k)

This requirement of getting NOC for all secured loans from banks/institutions is stringent than the provisions of the

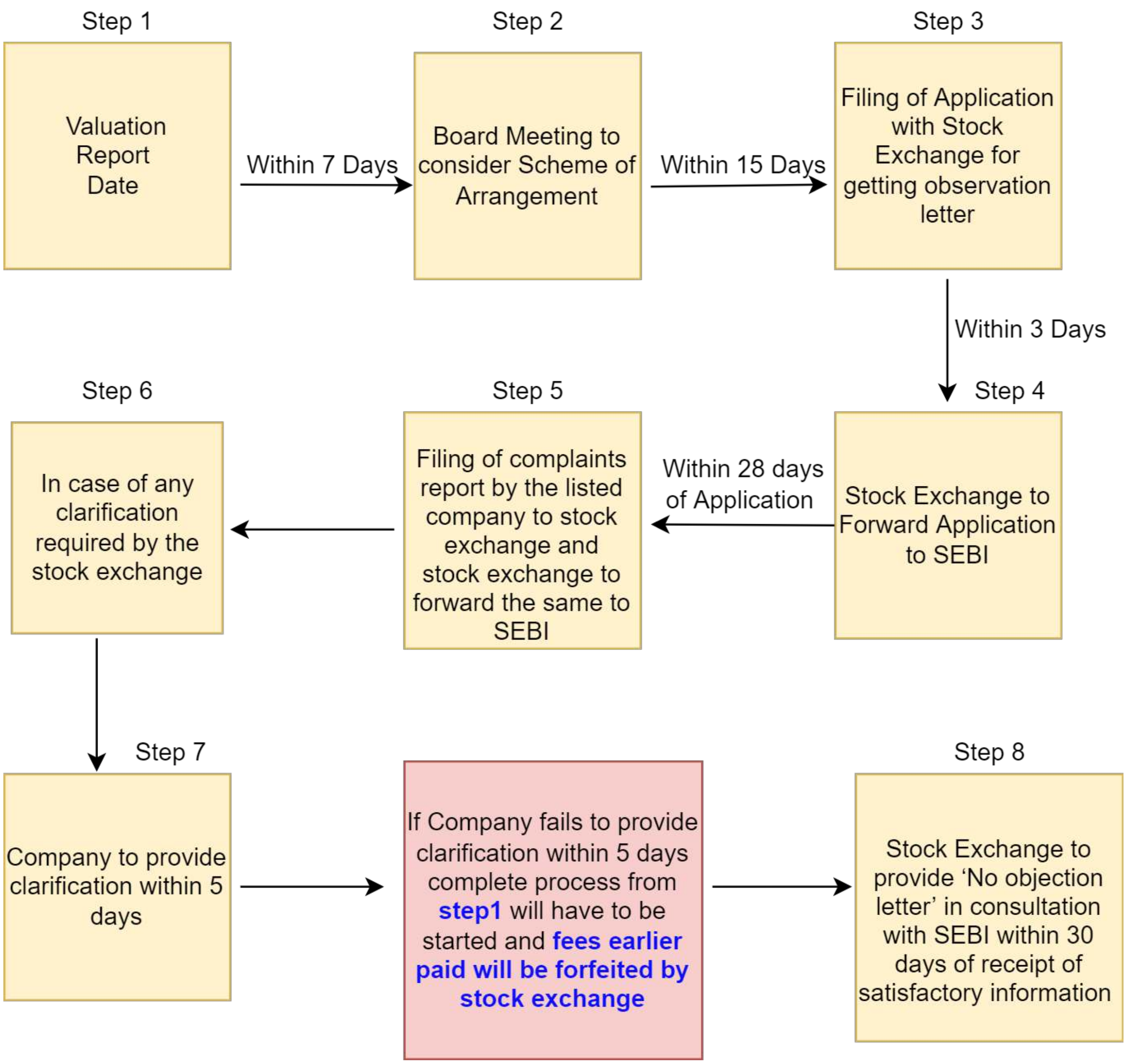
Companies Act, 2013 (CA). It will inordinately delay in our estimate minimum by3- 4 months in filing the scheme and relevant documents with Stock exchanges.

3. New para (Part I, Para D) provides for SEBI monitored trust for shareholders, to the extent they are entitled to fractions as consideration. As of now, the company adopts different procedures like rounding off to higher integral, rounding off the nearest integral or through company appointed trustee for compensation to shareholders who are entitled to fraction. This new para provides for allotment of such fractions to the trust nominated by SEBI in that behalf. The said trust shall sell such shares in the market within a period of 90 days from the date of allotment of shares. The Company shall submit a report from its Audit Committee and the Independent Directors certifying that the listed entity has compensated the eligible shareholders. Both the reports shall be submitted within 7 days of compensating the shareholders.

This is the welcome change by having time bound and fair consideration SEBI/Stock exchange/audit committee monitored payment to shareholders who got fraction shares in course of the scheme. In our opinion, if the listed entity issuing shares after rounding off to next/higher integer to fractional shareholders, this provision will not apply.

4. Part I Para A 2(b) stands revised. Now it provides that Valuation Report being submitted shall be accompanied with an undertaking that no material event impacting the valuation of the company has been occurred during the period between period under consideration for valuation and period of filing the scheme documents with Stock Exchange.

Though SEBI has not defined/stated the meaning of material events, one can consider Regulation 30, Para A of Part A of Schedule III of SEBI LODR, which gives the list of events which are deemed to be material events. E.g., Acquisition, scheme



of arrangement, shareholders agreement, change in directors etc.

While filing application with the stock exchange, Audited Financials of last 3 years (financials not being older than 6 months) of the unlisted companies involved in the scheme of arrangement are required to be submitted. It is now clarified that valuer is required to consider these financials for the preparation of valuation report under Income Approach.

If the valuer is preparing the valuation report using methods other than income approach, the valuation is required to be done based on considering the period of last 3 months and not older than that.

Example – If the board meeting to consider scheme is being held in the month of December 2021 –

a) If the valuation is based on the income approach, valuer cannot issue report on the basis the financials not later than that of 30th June 2021.

b) If the valuation is based on any other approach than income approach valuer cannot issue report on the basis the financials not later than that of 30th September 2021. Further, if the company fails to provide necessary clarification within a period of 5 days, company may have to again perform the valuation exercise if the period considered for valuation as mentioned in above example got over.

## STANDARD OPERATING PROCEDURES –

For the first time, stock exchange has given SOP considering the circular issued by SEBI under Regulation 37. The Scheme of Arrangement seeking Stock Exchange's NOC under Regulation 37 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') shall be in compliance of these SOPs.

In case the application is not submitted within 15 working days from the date of board approving the scheme, the company shall take fresh approval from its board considering fresh financials, valuation report, etc.

At the time of submission of application with the stock exchange(s) under Regulation 37, documents referred in para (I) (A) (2) of SEBI Circular, dated March 10, 2017 (as amended) and included in the checklist of respective stock exchange(s), should be complete in all aspects. Board meeting to consider scheme of arrangement is required to be held within 7 days of issuance of valuation report.

At the time of submission of the application to the Exchange(s) under Regulation 37 of SEBI LODR, the Audited financials of last 3 years (financials not being older than 6 months) of unlisted company(ies) involved in the Scheme of Arrangement must be submitted as required under para I (A) (2) (f) of SEBI Circular dated March 10, 2017, and amendment thereof read with SEBI Master Circular dated December 22, 2020.

The previously mentioned financials shall be considered for preparation of Valuation Report by the valuer under Income Approach.

However, period under consideration for valuations, other than Income Approach, should not be older than 3 months.

At the time of providing its observation letter to the listed entity, the exchange shall seek an undertaking from the listed entity stating that it shall ensure that the financials of the unlisted company(ies) shall not be more than 6 months old at the time of submission of the scheme papers to NCLT.

Until now there was no prescribed timeline for filing of scheme with the stock exchange after getting approval from the Board of Directors. Further, in case of fairness opinion report it should date as per the valuation report or any time before convening of board meeting for consideration of scheme. Due to restricted timeline for filing application, company shall convene board meeting to consider scheme only when the company is ready with all documents required for filing application. -

After filing of application if stock exchange requires any additional clarification, the scheme is returned to the Company for necessary rectifications/clarification. In case scheme is returned by the stock exchange for the 1st time, a period of 5 working days will be allowed for rectification/clarification. If the company fails to provide required clarification within 5 working days, the application will be cancelled, and fees paid by the Company for processing application will be forfeited. In case of additional clarification is required, the similar response period shall be provided by the stock exchange.

In order to speed-up the procedure for getting observation letter stock exchange has given the stricter timeline for submission of reply.

Amendments to Master Circular by SEBI and SOPs by stock exchanges no doubt in the interest of secured lenders and shareholders. To ensure the prevention in manipulation in share price, stringent provision made for preparation of valuation report and filing of application immediately after the board meeting held for approval of scheme is welcome move. Though there is change in timeline for submission of clarification on queries raised by the stock exchange, there is no change in timeline applicable for stock exchange and SEBI for providing observation letter. As of now, stock exchange takes on an average takes 3 months for providing observation letter on the scheme of arrangement. With the help of these changes we expect that the period of 3 months will get further reduce.

But whether it will be smoothened and expedite the process and it will be in line of "Ease of Business" motto of the government is not free from doubt. We hope that NCLT (National Company Law Tribunal) should not start implementing the same on the unlisted companies.

# Nandal Finance gets nod to buy Central Electronics for ₹210 cr



A ministerial group, comprising Union ministers Nitin Gadkari, Nirmala Sitharaman, and Jitendra Singh, has approved a ₹210-crore bid by Nandal Finance and Leasing Pvt. Ltd to acquire state-owned Central Electronics Ltd, the government said.

Central Electronics is run by the department of scientific and industrial research.

The process to divest the government's stake in the company started in 2016 with an in-principal approval by the cabinet committee on economic affairs. After a previous privatization attempt by failed to take off in 2019, the Centre initiated the process in February 2020 through a preliminary information memorandum and a request for expressions of interest.

The reserve price for the deal was ₹194 crore and the government received financial bids of ₹210 crore from Nandal Finance and Leasing Pvt. Ltd and for ₹190 crore from JPM Industries Ltd.

The entire disinvestment process has been carried out in a transparent manner with due regard to confidentiality of the bidders, the Centre said.

A letter of intent will be issued before the two parties sign the share purchase agreement, the government said. The deal is expected to be completed in FY22.

The department of investment and public asset management (Dipam) is processing disinvestment of 17 state-owned enterprises, of which disinvestment of Air India and Air India Express Ltd are at the concluding stage, minister of state for finance Bhagwat Kishanrao Karad told the Parliament on Monday.

For Air India, the government has selected Talace Pvt. Ltd, the company set up by the Tata Group to acquire the national carrier.

Other than Central Electronics, Dipam is processing the ongoing disinvestment of companies like Project & Development India Ltd, Engineering Project (India) Ltd, Bridge and Roof Co. India Ltd, and BEML Ltd, the ministry said.

The administrative ministries are processing stake sale in various units of India Tourism Development Corp. Ltd, Hindustan Antibiotics Ltd, and Bengal Chemicals & Pharmaceuticals Ltd.

However, transactions are held up due to litigation in the case of Hindustan Newsprint Ltd and Karnataka Antibiotics & Pharmaceuticals Ltd.

The government has set a ₹1.75 trillion disinvestment target for this fiscal and is preparing for the public float of state-run Life Insurance Corp. of India.

# Kirloskar Ferrous Industries to acquire 51.25% stake in Indian Seamless Metal Tubes

Castings and pig iron manufacturer, Kirloskar Ferrous Industries, is acquiring a majority stake (51.25%) in Indian Seamless Metal Tubes (ISMT) through a preferential allotment and sole control over ISMT.

Kirloskar Ferrous said that it will subscribe to shares for an aggregate consideration of Rs 476.63 Crores at Rs 30.95 per share by the way of preferential allotment. The company has also commenced an open offer for acquiring up to 25.05% of the resultant voting capital of ISMT.

ISMT is the largest integrated specialised seamless tube manufacturer in India. It manufactures specialised seamless tubes in the range of 6-273 mm diameter. The company has an alloy steel plant in India that produces a range of alloy steels from 20 to 225 mm in diameter.

R V Gumaste, managing director, KFIL, said with this acquisition they would be entering the seamless pipes market and widening their product portfolio. "This acquisition brings us an opportunity to integrate iron ore to seamless tubes at a consolidated level. Ongoing projects along with this acquisition will help us bring cost efficiencies in the value chain. We believe these synergies will put us on an accelerated growth path in coming years," Gumaste said.

## Save Solutions acquires New Habitat Housing Finance for Rs 74 crore

Save Solutions that offers financial products via kiosk banking across India has acquired New Habitat Housing Finance for Rs 74 crore.

The Bihar-head quartered company is working to offer its customers all-around financial products by also adding housing loans to the equation. Besides Bihar, the company will simultaneously extend its reach to other states including Delhi-NCR and UP.

"The acquisition brings our company to a full circle. Save Solutions excels in offering all banking and financial products under one roof to rural and semi-urban people. Through the acquisition of housing finance company New Habitat, we are on the fast track to becoming a full-spectrum financial inclusion group. It will go a long way in expanding our offering to underserved clients," said Ajeet Kumar Singh, Founder Director, MD & CEO, Save Solutions.

Save Solutions was incepted in 2010 and is backed by renowned impact investors, Incofin and MAJ invest.

Save Solutions currently has products in MSME, LAP and Micro Finance. Moving forward, Save Solutions has its targets set on associating with new banks and introducing innovative Financial Products across pan India.

## ITC to acquire 16% stake in D2C brand Mother Sparsh

Conglomerate ITC said it will acquire a 16 per cent stake in Mother Sparsh, a D2C Ayurvedic and natural personal care brand, for Rs 20 crore through a share subscription agreement. Mother Sparsh is a premium Ayurvedic and natural personal care start-up in the D2C space, focusing on mother and baby care segments.

"The said acquisition will, inter alia, enable access to the fast-growing direct to consumer (D2C) space in the 'personal care' category, which has been identified by the company as an area of interest," ITC said in a regulatory filing.

This share acquisition is expected to be completed, in two tranches, within eight months from the date of execution of the Agreements.

It will also be subject to completion of conditions and a shareholders' agreement in connection with the proposed acquisition, it added.

Commenting on the development ITC Chief Executive,

Personal Care Products Business Sameer Satpathy said, "We believe that this investment provides an exciting opportunity which is in alignment with our aspiration to have a significant play both in the naturals and Ayurvedic segment as well as in the D2C channel."

Mother Sparsh CEO Himanshu said, "ITC has been a frontrunner in developing a portfolio of vibrant FMCG brands and has been making giant strides in this space through a focus on innovation and digitalization. We believe that this partnership will provide a unique synergy of strengths to build our brand further."

ITC has been focussing on the non-cigarette FMCG business over the past few years. In 2020, it acquired spice-manufacturer Sunrise Foods Private Ltd at an "upfront" cash deal price of Rs 2,150 crore.

## upGrad consolidates its three India subsidiaries into one unit

UpGrad has consolidated its three Indian subsidiaries—upGrad Campus, upGrad Jeet and upGrad KnowledgeHut—to create one parent company in India, at a time when the wider edtech sector of the country is witnessing significant churn.

The merged entity would cover the entire gamut of higher educational technology offerings, catering to college learners and working professionals, according to a statement.

The three subsidiaries are in fact acquisitions that were rebranded by upGrad.

upGrad Campus was originally Impartus, a video-enabled learning solutions provider that was acquired by the edtech unicorn in May this year. Rs 150 crore was infused into this business.

The Gate Academy, which was acquired in November 2020, was rebranded as upGrad Jeet. The company has invested Rs 100 crore in this test preparation business.

upGrad acquired KnowledgeHut, which provides short duration upskilling and reskilling courses to professionals, in August and renamed it upGrad KnowledgeHut.

"The merger of all the India entities is to strengthen the corporate structure and consolidate our position as a truly integrated edtech player and provide a strong foundation for our global strategy," said Ronnie Screwvala, co-founder, and chairman at upGrad. Our offices in the Asia Pacific, Europe, Middle East and Africa, and the United States will continue to operate as independent subsidiaries."

upGrad aims to achieve 7.5 million registered users by 2024 by partnering with over 1,298 universities, 3,110 corporates and expanding its network of faculty, mentors and experts to 11,078. At present, it has over 300 university partnerships with over two million registered users across 50 countries.

## MedGenome Labs acquires Trident Diagnostics to provide integrated tests to clinicians and patients

MedGenome Labs, a leading genetic diagnostics and research company in South Asia, has acquired Trident Diagnostics and Healthcare Pvt Ltd, a diagnostics and

radiology healthcare centre based in Bengaluru to provide integrated tests menu to clinicians, patients and consumers across Karnataka.

This acquisition will help expand the access to these tests to consumers in Tier II and III markets.

Earlier this year, MedGenome Labs also ventured into the direct-to-consumer (DTC) category under the brand name Genessense, offering specialized and evidence-based genetic screening tests that provide insights into a person's health much before the onset of symptoms.

Speaking on the acquisition, Dr Ramprasad, CEO, Diagnostics, MedGenome Labs said, “At a time when coronavirus has turned the world's attention towards genome sequencing and its role in timely prevention of infectious diseases, we are taking another step forward to convey the importance of genomics and personalized medicine in healthcare to larger population.

Kirandev Hiremath, Co-founder and Managing Director, Trident Diagnostics said, “It is indeed a big win for healthcare. With this acquisition, we will be working closely with MedGenome Labs, an established leader in the genetic diagnostic space. This will not only give us access to world-class technology but also assist us in research and development for creating faster, effective and accurate tests results that will contribute to providing better diagnosis with comprehensive test menu.”

In addition to all of the above capabilities, MedGenome will also work closely with the government and PSUs to bolster the nation's needs in building better health systems.

“At a time when healthcare is the current backbone of any nation, this acquisition will also help India reach the pinnacle of diagnostics and tests in the future,” said Prof. Kshama Hiremath, Co-Founder and CEO, Trident Diagnostics.

Trident team was advised by a Bengaluru based transaction advisory firm Smark Capital.

Trident Diagnostics and Healthcare Pvt Ltd, established in 2015 is a NABL and NABH accredited lab based in Bengaluru providing diagnostics and radiology services. The Company has a test catalogue of 500+ tests mainly on B2B, B2C basis. B2B customer base includes Government projects, ESIC, independent labs, hospitals and other individual practicians.

## ZEE-Sony merger in final stages of stitching up: Punit Goenka

The merger of Zee Entertainment Enterprises (ZEE) and Sony Pictures Networks India (SPN) is on track and "in the final stages of stitching up", disclosed Punit Goenka, MD & CEO, ZEE.

Delivering a keynote address at APOS India Summit, Goenka said that consolidation is going to benefit the industry overall.

"ZEE and Sony will form the largest media entertainment player in the country. Our revenues on a standalone basis combined will be close to $2 billion, and the capital that Sony is going to infuse in the merged entity ($1.575 billion) will give us the opportunity to invest in premium content, including sports. We will be able to generate great value for our stakeholders," he said.

ZEE had sold its sports business, housed under TEN Sports for around Rs 2,400 crore to SPN in 2017 and had

signed a five year non-compete clause.

“The merged entity will focus on sports. We just finished non-compete on sports with Sony and it's coming full circle," he said. “The opportunity is great. The digital landscape has opened up new opportunities for monetisation, which did not exist five years ago. Certainly, sports will become an area of interest.”

Accepting that ZEE has been late in embracing new technology, he said ZEE will catch up "very quickly" and give the global player a fight in this market.

He said that before the pandemic, no one thought 40-50 million people would pay for content.

“They may not be paying a great deal of money, but they are willing to pay. That number will exponentially grow. the Indian SVOD market will grow to 200 million in the next five years," he said.

## CCI approves FedEx India's minority stake-buy in Delhivery

The Competition Commission of India (CCI) approved FedEx India's acquisition of minority stake in Delhivery. It has also given nod to the acquisition of certain operating assets of FedEx India and TNT India by Delhivery.

Under the proposed combination, FedEx India will acquire a minority stake in Delhivery on fully diluted basis along with certain minority investor rights, according to a combination notice filed with the regulator.

In addition, Delhivery Pvt Ltd will acquire certain operating assets pertaining to domestic business of FedEx Express Transportation and Supply Chain Services (India) Pvt Ltd.

Some customers and employees of FedEx India will also be transferred to Delhivery, subject to obtaining their consent.

"TNT India's role in the combination is limited to the transfer to Delhivery of certain operating leases (along with associated assets) and employees, subject to their consent," it said.

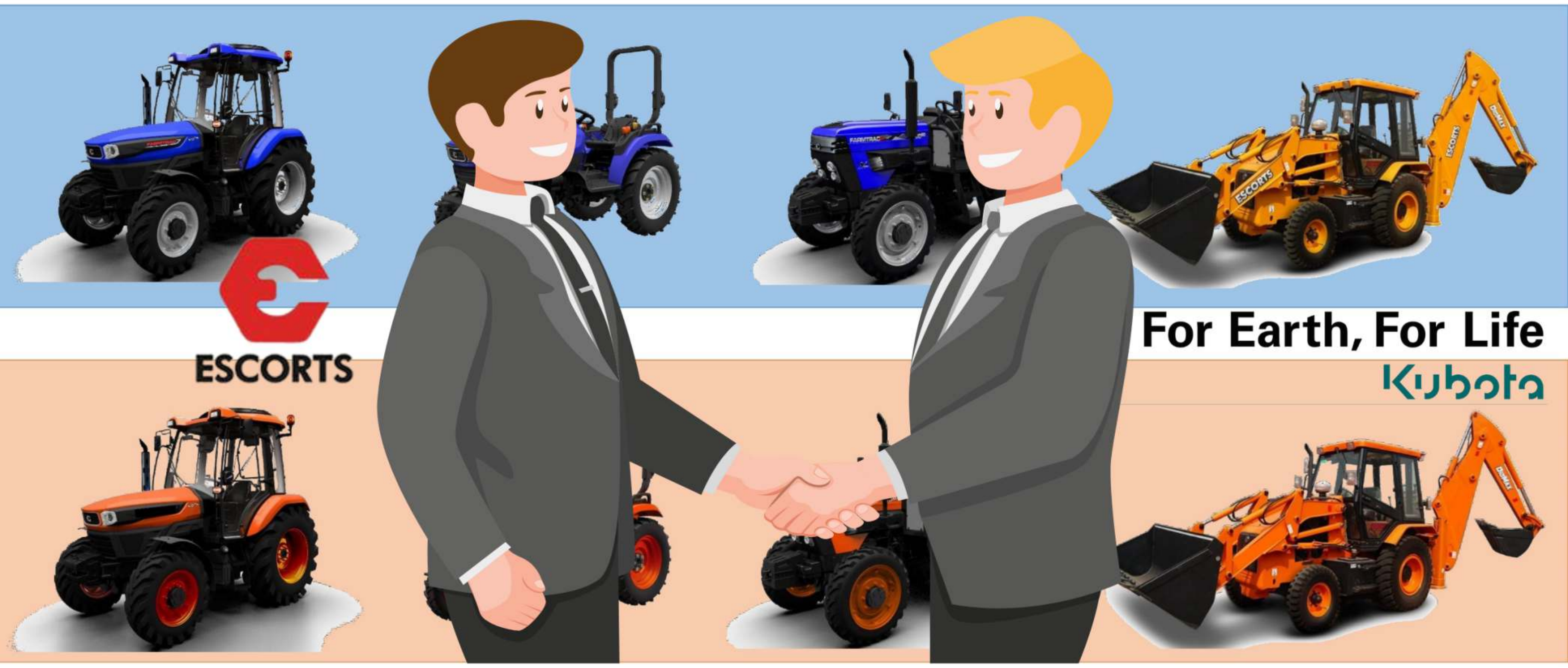
The entities also propose to enter into certain interconnected and ancillary transactions, it added.

"The proposed combination will have no impact on the competitive landscape in any potentially relevant market in India, in any manner," the notice further added.

TNT India is part of the FedEx group.
Delhivery and FedEx India are engaged in providing logistics solutions.

# Kubota to have controlling rights in Escorts making it a Japanese MNC Company

Padam Singh



The Indian tractor industry is the largest in the world. Despite pandemic, the Domestic tractor sales for the FY (Financial Year) 2021 were the best in the history of the tractor industry. With sea changes, along with tractors, farm equipment market is also pegged for supernatural growth in coming period.

To reap most of the future opportunity, Japanese Company **Kubota Corporation,** recently announced the deal with **Escorts Limited,** being the fourth largest tractor company in India. The deal will pave the way for Kubota to become the largest shareholder in Escorts Limited along with control/joint control. The deal was a well-planned and its origination can be traced in 2018.

## Escorts History:

**Escorts Ltd.** (Escort) began its journey in 1948 as an Agri-machinery company and has grown to be one of India's leading engineering conglomerates with over seven decades of experience. Today, Escorts is the fourth largest tractor manufacturer in India with ~11.6% market share and has a strong brand name offering more than 45 models ranging from 25HP to 80HP. Over the years, the company diversified into other products to emerge as a multi-business entity, with interests in Agri-machinery, railway equipment, industrial and construction equipment.

**Kubota Corporation (Kubota)** was Established in 1890. Kubota is a global manufacturing company, specialising in agriculture, water and living environment products with a worldwide network in over 100 countries. Kubota's 2/3rd revenue are from outside Japan markets, and it is having Technology & Volume leadership in <120 HP Tractors. Kubota market shares in Indian domestic tractor industry is 1.9%.

## The Proposed Transaction:

In a move to expand its presence in world's largest tractor market, Kubota announced that it will take the driver seat in Escort while the existing promoters, Nanda family will continue to be part of top management.

***Step by Step strategy opted by Kubota to expand its presence in world's largest tractor market. It started with Joint venture which later deepen by strategic minority investment in Escort. finally, Kubota is taking the driver seat by becoming the largest shareholder & promoter in Escort.***

The preparation for this marriage was going on over past couple of years. In 2018, Escorts and Kubota entered a Joint Venture for technology collaboration and joint manufacturing of high-end, value-oriented utility tractor range. Both entities decided to form a Joint Venture (JV) to establish a new common manufacturing facility with initial capacity of 50,000. Further, as part of collaboration, it was agreed that Kubota will export Escorts tractors through Kubota global distribution network in specific markets as mutually agreed.

**Taking the relation forward, in 2020, Kubota decided to acquire a minority stake in Escort.**

- On 20 March 2020, Kubota decided to invest INR (India Rupees) 1041 crore in Escorts by issue of 1,22,57,688 equity shares at an issue price of ₹ 850/- per equity share on preferential basis translating 9.1% equity stake in Escort.

- In turn, Escort also decided to invest into a private entity of Kubota in India. Escorts approved the acquisition of 2,00,00,000 equity shares of Kubota Agricultural Machinery India Private Limited (KAI), a private company of Kubota Corporation, Japan constituting 40% of the share capital of KAI at ₹ 45 per equity share for an aggregate value of ₹ 90 crores, all for cash.

- Kubota got right to appoint 2 non-executive board members on Escort.

**Finally, in 2021, after building the initial relation, Kubota decided to take a control/joint control of Escort.**

## Announced Transaction:

- Escorts will issue 93.64 Lakh equity shares through a preferential issue to Kubota at an issue price of ₹ 2,000 per share aggregating ₹ 1,873 Cr.

- Kubota's shareholding in Escorts Limited increase to 16.4% from 10% (considering capital reduction of shares held by EBWT (Escorts Benefits and Welfare Trust)).

- Escort name proposed to be changed to Escorts Kubota Ltd.

- Escort will also evaluate possibility of merger of Escorts Kubota India Private Limited (EKI), Escort Finance Limited and Kubota Agricultural Machinery India Private Limited (KAI) with Escort.

## Other salient features:

- Pursuant to the preferential allotment, Kubota shall give an open offer to public shareholders for acquiring up to 26% equity stake in the company at a price of ₹ 2,000 per share.

- Mr. Nikhil Nanda shall continue as Chairman and Managing Director.

- Kubota and existing promoters i.e., Nanda Family shall have right to appoint 4 non-independent directors each upon effectiveness of Shareholders Agreement. If Kubota's shareholding in the Company is 40% or more, Kubota shall have a right to appoint 5 non-independent directors.

- Lock-in for shareholding of Kubota & Existing Promoters for 5 years from effectiveness of Shareholders Agreement

- Right of first offer to both Kubota & Existing Promoters.

## SHAREHOLDING PATTERN

| | Current | After Preferential Allotment | After 1 Capital Reduction | After Open Offer | After 2 Capital Reduction |
|---|---|---|---|---|---|
| Nanda Family | 11.59% | 10.84% | 11.85% | 11.85% | 14.15% |
| Kubota | 9.09% | 14.99% | 16.39% | 44.80% | 53.50% |
| Trust | 24.99% | 23.37% | 16.25% | 16.25% | 0.00% |
| Public | 54.32% | 50.79% | 55.51% | 27.10% | 32.35% |

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If no equity shares tendered to Kubota during the open offer, Kubota stake in Escort after both capital reduction (explained in detail below) will reach circa ~19.6%. though after the proposed merger, Kubota's stake will further increase.

## Capital Reduction:

Pursuant to the Scheme of Arrangement and Amalgamation in 2012, 3,73,00,031 equity shares (circa 27.49%) of Escorts had been issued to Escorts Benefit and Welfare Trust with a sole beneficiary being Escorts.

In 2020, after the initial investment by Kubota in Escorts, so as to have no % change in existing equity holding of the company, the Board of Directors of Escorts Limited on approved for selective reduction of share capital of the Company by cancelling and extinguishing 1,22,57,688 Equity Shares (being the equivalent shares issued to Kubota), held by the Escorts Benefit and Welfare Trust without any consideration.

In 2021, it is further proposed to reduce the entire remaining shares held by Escorts Benefit and Welfare Trust through a selective reduction of share capital of the Company without any consideration.

## Taxation in case of capital reduction:

In case of capital reduction, taxation is arise in the hands of shareholders as follows:

1. Consideration up to accumulated profits available with the company, it is taxed as deemed divided under section 2(22) of Income Tax Act, 1961 (ITA).

2. Consideration over and above the accumulated profit will taxed under capital gains.

*Whether any tax liability arises in case of selective capital reduction without payment?*

As there is no consideration flowing from company to EBWT, tax liability is not likely to arise in the hands of EBWT. As in this case beneficial owner and payee is same and also as per BC Srinivasa Shetty 128 ITR 294 (SC), if consideration is not received by the seller and asset is destroyed, computation mechanism for capital gains fails.

Whether section 50CA of ITA is applicable in this case:

The provisions of section 50CA of ITA are not applicable in case of transfer of listed shares, hence there will be no implications under section 50CA of ITA.

Whether section 56(2)(x) will attract in the hands of remaining shareholders?

Section 56(2)(x) will attract when any person receives anything from any person. In present case, the remaining shareholders are not receiving anything and the company being sole beneficiary

ESCORTS

- ✓ Escorts to be the **exclusive vehicle** for manufacture and sale of certain products in India and for **sourcing** from India
- ✓ **Enhanced R&D capabilities** to offer cutting-edge products
- ✓ Addition of a **complementary & attractive product portfolio**
- ✓ Access to **global supply chain & network**
- ✓ **Primary Infusion** to accelerate growth & expansion initiatives

**Key Benefits**

For Earth, For Life
Kubota

- ✓ Increased exposure to a Large & **Growing Indian Market**
- ✓ Strong Brand with **legacy** & **diversified portfolio**
- ✓ Ability to leverage **Pan-India dealer network**
- ✓ Assured supply of **low-cost value-added agriculture machinery**
- ✓ **Value consciousness** and **engineering** excellence of Escorts
- ✓ **Frugal Manufacturing** expertise of Escorts

**"Escorts Kubota Limited" to be one of the largest Indo-Japan agriculture collaboration, establishing unparalleled commercial reach**

of EBWT, beneficial interest of the remaining shareholders also remains same, section 56(2)(x) may not get attract.

The deal is a win-win for stakeholders of both companies. Escort will get an opportunity to expand its products base, geography, strong research & development of Kubota amongst other. Kubota will take a control of 4th largest tractor company in the largest tractor market. Kubota's products will be manufactured locally in India, in-line with Japan commitment to the 'Make in India' vision and to develop domestic best-in-class manufacturing capabilities. With a significant funds available, Kubota can work on introducing/cross selling its products in India.

In future, Kubota may acquire the shares held by existing promoters and further increase its stake in the company.

This friendly takeover by infusion of funds in the company is Japanese style of one step at a time over a period of three years. Eventually all Kubota-escorts companies with related business will merge with Escorts Ltd. Its real value creation for all the stakeholders by leveraging the strength of both the companies both in India and globally.



## Ipca Labs approves acquisition of 26.5% stake in Lyka Labs

The board of Ipca Labs has approved the acquisition of 26.574% of the paid-up share capital of Lyka Labs Limited and entering into a joint management control agreement with the promoters of Lyka Labs. Ipca said it has acquired 26.574% shareholding of Lyka from secondary market for Rs. 97.89 crore.

Consequent to this acquisition of shares, Ipca Labs has also made a public announcement to acquire 26% additional equity shares of the Lyka from its public shareholders under the SEBI Regulations.

Pharmaceutical company Lyka Labs Ltd. was incorporated in the year 1976 under the Companies Act, 1956 and is engaged in the business of manufacturing and marketing of injectables, lyophilized injectables and topical formulations. Lyka's manufacturing facility is situated at Ankleshwar, Gujarat. The major business of the company is from India and from rest of the world (ROW) markets. Products of the company are registered in several countries.

Ipca Labs said it currently does not have any business directly from lyophilized injectables. Acquisition of shareholding in Lyka Labs will enable the company to enter into lucrative lyophilized injectables business in India and rest of world markets, Ipca said.

Lyka Labs will also immensely benefit from marketing expertise of the Company in the branded generic formulations business of the rest of world markets of Africa, Latin America, South East Asia and Middle East where Lyka Labs Ltd. is currently not doing business, Ipca said.

## HealthCare Global acquires majority stake in Suchirayu Healthcare

Cancer focused healthcare service provider HealthCare Global Enterprises Limited (HCG) said it has become a majority stakeholder in Suchirayu Healthcare Solutions with the acquisition of additional 60.9 per cent for an undisclosed sum.

Suchirayu owns a multi-speciality hospital in Hubli with an operational capacity of 110 beds and a potential to scale up to 250 beds.

HCG has operated and maintained the hospital since August 2017 and had the right to increase its stake up to 80 per cent, the statement said.

"Having operated Suchirayu for the past four years with successful patient outcomes and desired financial results, acquiring a majority was a logical step in cementing our presence in the region. We are confident that we will be able to derive multiple synergies with this acquisition," HCG Executive Chairman BS Ajaikumar said.

HCG continues on its path to optimise capital allocations around cancer care and strengthen its pre-eminent position in the country, he added.

"M&A has been a core part of our strategy, and we have demonstrated our capability to integrate acquisitions," Ajaikumar noted.

Stating that Hubli is emerging geography with great potential, he said the acquisition will deliver focused medical care into this micro-market.

"We continue to explore opportunities in the regional cancer leaders' space to further consolidate our dominant position," Ajaikumar said.

HCG, which also owns and operates a standalone cancer centre at Hubli, said the acquisition is expected to create synergetic benefits and market leadership in the geography.

## Tata Sons working on AirAsia India-AI Express merger

Tata Sons has commenced work on the merger of low-fare airline AirAsia India with Air India's budget carrier Air India Express, said top executives close to the development. As the Tata group takes over Air India, it's looking to achieve synergies and cut operational costs.

With Tata owning 84% stake in AirAsia India, this first step in creating a single airline entity can be taken in a relatively short span of time, they said. Tata is yet to conclude talks with Singapore Airlines (SIA) on integrating the schedules of Vistara and Air India, the people said. Tata owns 51% of Vistara and SIA holds the rest.

"This is the most logical move at this stage and with Tata owning a majority in Air Asia, the integration is easier," said one of the persons. "With many experts on deck, this integration will help the group swiftly set up the single airline structure it has been planning for a while."

On October 8, the Tata Group owned Talace Pvt Ltd won the bid to own 100% of Air India and its subsidiary Air India Express. The transaction awaits cabinet approval and the acquisition is scheduled to take effect at the end of the year.

The conglomerate plans to set up a single aviation holding company that will be an umbrella for all its airline businesses.



Source: Company's Annual Report and Presentation

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AirAsia Bhd, the minority owner of AirAsia India, will exit by the end of this fiscal year and the brand will cease to be part of the venture.

## Flipkart enters crowded healthtech sector with SastaSundar acquisition

The Flipkart Group has agreed to acquire a majority stake in online pharmacy Sastasundar Marketplace to launch its own healthcare business amid a pandemic-triggered consolidation in India's healthtech industry.

Flipkart Health+, as the new entity will be known, will leverage the Walmart Inc.-controlled company's pan-India network and SastaSundar's healthtech expertise to provide consumers access to quality and affordable healthcare—first through an e-pharmacy and later via e-diagnostics and e-consultation, according to a statement issued on Friday. Flipkart's Senior Vice President Ajay Veer Yadav will take the helm of the new business unit.

While Flipkart did not comment on the size of the investment, SastaSundar had told The Economic Times in May that it was valued at $100 million and was looking to raise fresh capital.

"With growing awareness and focus on health heightened by the pandemic, there is a large opportunity and demand for affordable healthcare and ancillary offerings," Ravi Iyer, senior vice president and head of corporate development at Flipkart, said in the statement on Friday. "The synergies between Flipkart Group and SastaSundar…will help us grow and transform online healthcare in India."

Founded in 2013 by BL Mittal and Ravi Kant Sharma, SastaSundar—supported by a network of more than 490 offline pharmacies—provides affordable healthcare to its consumers by sourcing original products from authorised sources and delivering them across the country. It uses AI and data analytics to provide personal counselling through its platform.

"At SastaSundar, we are focused on developing innovative ways to provide access to affordable healthcare easily and conveniently, building a trusted network for authentic medicines, diagnostics and wellness," Mittal said. Through this partnership with Flipkart, we see an opportunity to further grow and reach a larger consumer base, using complementary technologies and logistics infrastructure."

## Jindal Saw likely to acquire Sathavahana Ispat under the IBC route

Prithvi Raj Jindal's holding company, Siddeshwari Tradex, raised a Rs 500 crore debt facility from an Edelweiss-promoted finance company and an Edelweiss-managed fund to finance the acquisition of bankrupt Sathavahana Ispat, people familiar with the development said.

PR Jindal's flagship company, Jindal Saw, is expected to emerge as the highest bidder, said the people. The company has received a Rs 266 crore repair and maintenance contract for Sathavahana Ispat recently from the resolution professional also signals this, they said.

Jindal Saw is one of the seven applicants to have

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submitted an expression of interest under the corporate resolution process for the distressed steel company. The other EoI applicants are Vedanta Ltd, Welspun Corp Ltd, Sarda Mines Ltd, Ares SSG Capital (Singapore) Ltd, Khandwala Finstock Pvt Ltd and Trimex Industries Pvt Ltd, according to the disclosures made by the RP on the company's website.

The resolution plan by the PR Jindal group company is expected to be around Rs 550 crore, one of the persons said.

Sathavahana Ispat's committee of creditors (CoC) comprises only one creditor -- J. C. Flowers Asset Reconstruction Company that had acquired the company's loans from the steel company's lenders in June. On October 19, the CoC awarded the Rs 266 crore contract for repair and maintenance of the steel company's manufacturing facilities to Jindal Saw, according to the disclosures made to stock exchanges.
J. C. Flowers ARC purchase of the bank loans was funded partly by PR Jindal group's holding company, people cited above said. Siddeshwari Tradex had invested Rs 69.65 crore in secured non-convertible bonds issued by J. C. Flowers ARC in the last week of June, according to a document seen by ET.
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Sathavahana Ispat, admitted by the Hyderabad bench of the National Company Law Tribunal in July this year, has a Rs 1,747 crore financial creditor claim, according to the disclosures published on the company's website. In June, all lenders including Canara Bank, Union Bank of India, State Bank of India and IFCI, had sold their debt to J. C. Flowers ARC for Rs 531 crore, the people said.

PwC-backed resolution professional Bhuvan Madan has invited firm resolution plans for the bankrupt steel company by December 5 and plans to submit those to the adjudicating authority by December 21, as per the disclosures made to the Insolvency and Bankruptcy Board of India.

In May, the Canara Bank-led consortium of lenders to the company had received the highest offer of Rs 410 crore for their loans from J.C. Flowers ARC, which triggered a Swiss auction. On June 21, at the Swiss auction, Pridhvi Asset Reconstruction & Securitisation (Paras) Ltd, in partnership with Megha Engineering, gave a counteroffer of Rs 531 crore. This offer was matched by JC Flowers ARC the next day.

Sathavahana Ispat has a 50-megawatt captive power plant, and one plant each in Andhra Pradesh and Karnataka producing pig iron and ductile iron pipe.

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## Ardagh to buy African bottle maker Consol for $617 mln

Ardagh Group has agreed to buy major African glass bottle maker Consol for 10.1 billion rands ($617 million), the companies said, marking an expansion into the continent from one of the world's top packaging companies.

Ardagh, listed in Germany, plans to acquire all Consol, including operations spanning South Africa, Nigeria, Kenya and Ethiopia, the companies said, with regulatory approvals for the deal expected in the second quarter of 2022.

"We look forward to ... investing in the long-term growth of the African market, driven by consumer trends and rising sustainability awareness," Ardagh chairman Paul Coulson said in a statement.

The company currently only operates in Europe and the United States.

Consol, which describes itself as Africa's largest glass packaging maker by manufacturing capacity and counts brewing giants like Heineken among its clients, said in its statement the move was an "excellent strategic fit".

"(It) enables continued growth on the African continent by leveraging off Ardagh's proven glassmaking abilities, technical expertise and international customer and supplier base," it continued.

## Vitol agrees to buy rest of Vivo Energy in $2.3 billion deal

A fund backed by trading giant Vitol Group agreed to buy Vivo Energy in a deal valuing the Africa-focused fuel retailer at about $2.3 billion.

The transaction will bring Vivo assets back in the house for the oil trader, which sold shares in the retailer in 2018 in what was one of the biggest initial public offerings on the London Stock Exchange that year. The offer shows Vitol is willing to spend to pursue growth and find outlets for its traditional fuels amid the energy transition.

Vitol, which owns 36% of Vivo, will pay $1.85 (139 pence) a share in cash for the rest, the trading house said Thursday. No. 2 investor and co-founder Helios Investment Partners also supports the deal, Vitol said.

The offer is being made by an entity indirectly owned by Vitol Investment Partnership II Limited. The VIP investment vehicle is managed by Vitol executives and has previously been used to buy assets including refineries and fuel stations in Australia.

VIP II backers in the past have included funds related to George Soros' Quantum Partners, the Abu Dhabi Investment Council and Saudi Arabia's Olayan Group, according to its most recent corporate filings in Jersey.

Vitol has committed to fund 47.5% of the investments made by VIP II.

Vivo jumped as much as 21% in London trading, the biggest intraday gain since April last year, and was up 19.4% at 133 pence as of 12:04 p.m. local time. The IPO had been priced at 165 pence a share.

Vitol is searching for areas of growth in its oil-trading business as Western consumers gradually shift to electric vehicles and cleaner fuels. The world's biggest independent oil trader handles more than 7 million barrels of crude and products a day.

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"Fuels distribution and marketing in Africa remains a core activity for the Vitol Group," it said in a statement. "Vivo will benefit from Vitol's expertise and be better placed to pursue opportunities in a highly fragmented market."

The friendly deal with Vivo, which sells Shell and Engen-branded fuels and lubricants across more than 20 countries in Africa, represents one of Vitol's larger purchases. The trader recently invested $3.5 billion as part of a group buying 5% of Russia's Vostok oil field in the Arctic.

## KKR, CVC Capital in talks to jointly bid for Telecom Italia – Bloomberg News

KKR & Co and CVC Capital Partners are considering teaming up on a bid for Italy-based Telecom Italia SpA, Bloomberg News reported, citing people with knowledge of the matter.

The two private-equity firms have held exploratory talks about the potential for a joint offer, the report added, quoting people asking not to be identified as the talks are private.

CVC has been studying a possible acquisition of Telecom Italia for several months, the people were quoted as saying in the Bloomberg News report, adding that the private-equity firms are still discussing the merits of teaming up for the joint bidding.

KKR had made a 10.8 billion euro ($12 billion) offer in the midst of a boardroom row between Telecom Italia CEO Luigi Gubitosi and the former Italian telecoms monopoly's top investor Vivendi.

Gubitosi told the board that he is ready to step aside to speed up a decision on the KKR offer, according to sources.

## Australia's GUD Holdings to buy AutoPacific Group for $531 mln

Australian automotive parts maker GUD Holdings said it would buy vehicles accessories maker AutoPacific Group for about A$744.6 million ($531.42 million) from private equity firm Pacific Equity Partners.

The acquisition will add four-wheel drive accessories and trailers business in Australia and New Zealand to GUD's portfolio and is expected to add low double-digit pro forma earnings for full-year 2022.

The Victoria-based automotive parts maker said it will fund the acquisition through a combination of a A$405 million capital raise, A$282 million of debt and the issue of new shares worth A$75 million.

The deal is subject to limited conditions and expected to be completed by January next year, GUD added.

## Clearlake Capital to buy Quest Software from Francisco Partners – WSJ

Private equity firm Clearlake Capital has struck a deal to buy Quest Software Inc from Francisco Partners,

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valuing it at $5.4 billion including debt, the Wall Street Journal reported, citing people familiar with the matter. The deal is formally expected to be announced as soon as Monday, the report added.

Quest was part of Dell's software division, which the company divested in 2016 to focus on its technology portfolio and bolster its balance sheet after it agreed in October to buy data storage company EMC for $67 billion.

Quest provides software solutions to IT departments spanning from database management to data protection.

The WSJ report added that Clearlake was paying 10.9 times Quest's earnings before interest, taxes, depreciation and amortization for the last 12 months.

## Britain's M&S buys 25% stake in Nobody's Child

Britain's Marks & Spencer has bought a 25% stake in womenswear brand Nobody's Child, as it seeks to accelerate a revival in its clothing arm, it said.

The investment in Nobody's Child is part of the group's "Brands at M&S strategy" which utilises different models including wholesale agreements, exclusive collaborations, strategic acquisitions, such as January's purchase of Jaeger, and equity investments.

The aim is to broaden the appeal of M&S's clothing business. The group now trades with more than 30 partners from Sloggi lingerie to Ghost dresses to Clarks school shoes.

## Sweden's Karo Pharma to buy Sylphar in $326 million deal

Specialty pharma group Karo Pharma has agreed to buy Belgium-based Sylphar International from Vendis Capital and Sylphar's founder for 290 million euros ($326 million), it said.

Karo Pharma said Sylphar, which develops and markets over-the-counter products, would boost its market position and help it grow, particularly in the digital marketplace.

The Swedish company added that it would carry out a new share issue of around 200 million to 250 million euros, with preferential rights for its existing shareholders.

Karo Intressenter AB, owned by private equity firm EQT and which has a 79.85% stake in Karo Pharma, is supporting the transaction, it said.

“Karo estimates that the transaction brings synergy potential for the company, predominantly in the form of sales synergies," Karo Pharma said in a statement.

Sylphar, whose main brands are Nutravita, Alpha Foods and Remescar, had sales of around 64 million euros in the October-September period.

Karo Pharma said an additional payment of 10 million euros may be paid if certain growth targets for Sylphar are met, adding the transaction would be completed in January 2022.

# Telenor, CP Group to merge Thai telecom units in $8.6 bln deal



Norway's Telenor and Thailand's Charoen Pokphand Group (CP Group) have agreed to merge their telecom units in Thailand in a deal valued at 282.8 billion baht ($8.6 billion) to create a new market leader in the Southeast Asian country.

The deal, which Telenor flagged, would merge the operations of Telenor's Total Access Communication and CP Group's True Corporation.

The offer of 47.76 baht per DTAC share represents a premium of 15.8% to its Friday close and the offer of 5.09 baht per True Corp share represents a premium of 17.8% to its close on the same day.
“We need to enable faster and more value-creation from the network, delivering new technologies and innovations to customers," CP Group CEO Suphachai Chearavanont said.

"This means the transformation of Thai businesses into tech-based companies is a vital step to maintain competitive edge amidst global competitors."

Telenor and CP Group will aim for an ownership share of around one-third each in the merged entity, the companies said.

The merged entity, subject to regulatory approvals, would become a market leader with about 52% of subscribers in the country, surpassing Advanced Info Service Pcl (AIS)..

## Booking to buy Swedish travel agency Etraveli for $1.83 billion

Online travel agency Booking Holdings Inc said it would acquire Sweden-based Etraveli Group for about 1.63 billion euros ($1.83 billion), its second major deal this month.

Etraveli, currently owned by private equity firm CVC Capital Partners, offers search, book and fulfillment services of flights through its consumer brands Gotogate and Mytrip.

It also operates airline integration company TripStack.

The company will remain headquartered in Sweden and operate as an independent business under Booking Holdings, led by its current management team.

The deal follows Booking's roughly $1.2 billion deal for hotel room booking website Getaroom announced earlier this month.

## upGrad makes first overseas deal, snaps up Australian Global Study Partners

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Leading edtech player upGrad said it will acquire Global Study Partners (GSP), the largest study abroad company in Australia, for AUD 16 million, with a commitment of a further AUD 10 million in future.

upGrad, which has been growing through acquisitions and has earmarked an M&A war chest of $250 million, has entered into an acquisition agreement to buy 100% of GSP for AUD 16 million with a commitment of a further AUD 10 million in future, the Ronnie Screwvala-promoted firm said in a statement on Monday.

GSP is slated to close its current financials at a gross merchandise value of over AUD 10 million.

Started in 2015, upGrad is a pioneer in the online education revolution, focused on reskilling and upskilling and has so far helped over 2 million from across 50 countries.

## Willis Towers Watson to acquire remaining 51% shares in WTW India

Willis Towers Watson, a global advisory, broking, and solutions company, has signed an agreement to acquire the remaining 51% stake from Anemone Holdings Private Ltd and Rohit Jain in Willis Towers Watson (WTW) India.

"WTW currently owns 49% stake in Willis Towers Watson India Insurance Brokers Private Limited (WTW India) and recent changes in regulation have made it possible for WTW to own up to 100% of WTW India," the company said in a statement.

"As one of the world's largest and fastest-growing economies, with an expected 17% growth rate in the non-life insurance market over the next five years, we see rising demand and opportunities for cyber, health and benefits, crop and surety insurance in the Indian market. Acquiring 100% ownership of WTW India will enable us to further capitalise on the significant growth opportunities in this market and to better serve the rapidly evolving needs of our clients in India," said Pamela Thomson-Hall, Head International, WTW.

At the recent COP 26 Summit, India highlighted the need for climate finance worth $1 trillion to tackle climate risks. In essence, a large proportion of this will go towards managing the transition risks of moving towards a low carbon economy. WTW can enable India to manage the climate transition risks and optimise costs through the much-needed combination of our climate expertise, actuarial risk modelling techniques and development of a suitable risk transfer mechanism, including insurance, as per the advisory firm's statement.

"...WTW already has a significant presence in India and this acquisition is another important milestone towards bringing our clients the best-in-class products and solutions, technology and unprecedented insight for sound risk-based decision making," said Rohit Jain, head India, WTW.

## Tata Steel revives plans to sell its Thailand business

Tata Steel has revived plans to sell its Thailand business as the company looks to exit less profitable overseas units in the ongoing supercycle, said senior group officials aware of the developments. The proposed sale, coming on the heels of India's largest steel maker's

move to offload its Singapore business, NatSteel Holdings, will aid the company cut its debt further.

Bangkok-listed Tata Steel Thailand has a market value of over 13.47 billion baht or $ 410 million.

A Tata Steel spokesperson said: "We have recently completed the transaction of NatSteel and we will continue to explore all options for Thailand."

"There is a clear focus to invest in the domestic market which is growing well and any exposure to businesses outside India that are not offering an adequate return on capital is being carved out," an official said. "These are cyclical sectors and post-pandemic, there is a view to cut exposure to markets not yielding the right risk to return ratio."

## IPACKCHEM to acquire and partner with Mullackal

Paris headquartered IPACKCHEM Group announced it has signed a definitive agreement to acquire Mullackal Polymers Private Limited, a leading crop protection packaging provider in India.

With three facilities in Western India, Mullackal is a manufacturer of premium HDPE and barrier plastic containers, caps and measuring cups for India's crop protection and specialty chemical industry.

The partnership with Mullackal will allow IPACKCHEM to establish a strong presence in India's large and high-growth market and position it for future expansion in the country.

JP Morvan, CEO of IPACKCHEM, commented, “We are extremely excited to partner with Ramesh and Karthik Pillai, who have built a high-quality and innovative business, and we look forward to accelerating Mullackal's growth under IPACKCHEM ownership. By leveraging IPACKCHEM's sustainable barrier technology, Mullackal will be uniquely positioned to provide high-quality recyclable packaging for customers in India. Similarly, we expect to leverage Mullackal's proprietary caps technology (CRTESS) across IPACKCHEM's existing product portfolio. This transaction is core to our strategy of being the leading global barrier packaging player serving crop protection and specialty chemicals customers. We will continue to aggressively pursue acquisitions in new geographies, including North America, to fully mirror our clients' global footprint.”

Mullackal owner and Managing Director Ramesh Pillai said, “IPACKCHEM is the perfect partner for Mullackal and we are excited to continue providing best-in-class packaging to India's leading crop protection players with the added benefit of IPACKCHEM's resources and industry relationships. Karthik and I will continue to lead Mullackal and look forward to working with JP and his team to bring their innovative solutions to the Indian market and grow our presence in India.”

EY acted as exclusive M&A advisor and Lumiere Law Partners acted as legal counsel to Mullackal.

In partnership with SK Capital Partners, IPACKCHEM is continuing its international expansion to better support its multinational customers globally, leveraging its unique industrial know-how and strong commitment to sustainability.

SK Capital, which acquired IPACKCHEM earlier this year, is a private investment firm focused on the specialty materials, chemicals and pharmaceuticals sectors with more than $5 billion of assets under management and a global portfolio of businesses generating approximately $11 billion of revenues annually.

The transaction is expected to close towards the end of 2021. KPMG acted as exclusive M&A advisor and CK Juris and Pioneer Legal acted as legal counsel to IPACKCHEM. Founded in 1987 by JP Morvan, IPACKCHEM is a leading global supplier of innovative and specialized barrier packaging solutions serving the crop protection and specialty chemicals end markets. IPACKCHEM's leading market positions are further underscored by its strong sustainability orientation and 100% recyclable plastic barrier packaging. It currently has facilities across Europe, the UK, Russia, China, Brazil and South Africa.

## Reliance Retail acquires 'amante' from MAS Holdings

Reliance Retail Ventures Limited (RRVL) has acquired retail lingerie businesses under the 'amante' umbrella brand from MAS Brands, a wholly-owned subsidiary of Sri Lanka-based MAS Holdings, for an undisclosed amount. The 'amante business', which was established by MAS in 2007, is engaged in retail and wholesale distribution of premium lingerie under brands 'amante', 'Ultimo' and 'every de by amante'.

The products are sold through company-owned stores and multi-brand outlets, as well as through its e-commerce channels across India and Sri Lanka.

## L&T Tech Services looks to buy companies in North America, Europe

L&T Technology Services (LTTS), a subsidiary of Larsen & Toubro (L&T), is scouting to acquire companies in North America and Europe, with ticket size of $50-75 million, to augment its offshore presence. The acquisition is a part of the company's 'six big bets' strategy, which will enable it to touch revenues of $1 billion by the third quarter of next financial year, and further to $1.5 billion by FY25. LTTS had posted revenues of $737 million in FY21.

"We are actively pursuing acquisitions and we have a dedicated team which reviews targets on an ongoing basis. There are three distinct areas in which we are looking for acquisitions, namely automotive tech, med tech and independent software vendors (ISV)," LTTS chief executive officer and managing director Amit Chadha told FE in an interaction.

"These are white spaces we have in mind to further build capabilities. The ticket size of $50-75 million would be much higher than our past acquisitions, which were in the range of $20-$25 million," he added. In the past four years, LTTS, the technology services arm of L&T, had acquired US-based Esencia Technologies for $27 million (June 2017), Bengaluru-based Graphene Semiconductor Services for $12.9 million (October 2018) and Texas-based Orchestra Technology for $25 million (October 2020).

Under its 'big bets' strategy, the technology and engineering firm is focusing on six segments: Electric autonomous and connected vehicle (EACV), 5G, med-tech, artificial intelligence & digital products, digital manufacturing and sustainability.These are areas with "tremendous growth potential", he added.

LTTS, which has 5G labs in Bengaluru and Mysuru in Karnataka, and Dallas in the US, is also seeking a spectrum licence for its Mysuru campus to conduct test cases around medical healthcare, machinery and employee safety.

"We are seeing traction with chipset manufacturers, with consumer-electronics companies, operators and even

brick and mortar companies in 5G," LTTS CEO Amit Chadha said. On 5G, the company is working on new product development, test and automation, labs-as-a-service, network assurance, use cases and private networks. The company's clientele includes chipset manufacturers, device makers and equipment vendors.

LTTS, which had hired 1,200 freshers in the last two quarters, plans to add another 2,000 freshers in the next two quarters. The majority of the freshers would be onboarded in the third quarter.

Nearly 26% of the company's 17,900 workforce (as of September 30) are now back in office, while LTTS expects 80-90% of total employees to work from office in the next 2-3 years. The company expects its business cycle to return to normal from next calendar year.

## Swiss firm Firmenich buys Blackstone's 10% stake in SH Kelkar for Rs 242 cr

Swiss firm Firmenich Aromatics acquired private equity (PE) major Blackstone's 10 per cent stake in SH Kelkar, a Mumbai-based fragrance company. The stake was sold at Rs 173 per share for a total consideration of Rs 242 crore. Shares of SH Kelkar last closed at Rs 183.5, with a gain of 20 per cent. Experts said the market was buoyed by the Swiss fragrance's company's move to buy a stake in SH Kelkar.

Blackstone had invested about Rs 200 crore in SH Kelkar in 2012 and 2013 for a 33 per cent stake. The PE firm took SH Kelkar public in 2015, in what was Blackstone's first IPO in India. It pared its holdings in 2016 and 2017. The latest share sale marks Blackstone's complete exit from the company. The PE firm has made nearly five times returns on its investment. SH Kelkar is one of India's largest fragrances and flavors manufacturers. It caters to domestic and global clients through operations across India, Europe, Indonesia and China.

## I Squared Capital drops out of BPCL race

US private equity firm I Squared Capital is dropping out of the race to buy India's second-largest state oil firm, Bharat Petroleum Corporation Ltd (BPCL) owing to a complex deal structure and lack of financial backers for the transaction, sources said.

I Squared Capital through its Indian arm, Think Gas was among the three suitors that had evinced interest in buying the governments near 53 per cent shareholding in BPCL.

"The company has made a decision not to participate in the financial bidding," a source with direct knowledge of the development said.

"The firm has not communicated the decision yet to the government or its transaction advisor but has decided not to go ahead," the source added.

Besides I Squared Capital, mining baron Anil Agarwal's Vedanta Group and private equity firm Apollo Global Management are the other bidders.

Both I Squared Capital and Apollo Global talked to global energy giants and sovereign and pension funds to get financial and strategic support for the bid but failed to elicit much interest, another source said.

"In fact, at one point even Royal Dutch Shell was talking to two PEs but later backed out," the source said.

Some reports suggest Adani Group joining the PEs but that wasn't true, a third source said.

I Squared Capital, the first source said, faced the problem of getting backers for a firm that runs old oil refineries and has business spread from oil refining to fuel marketing, gas and even upstream gas exploration and production assets.

"Investors typically want to get access to the world's fastest-growing fuel market. BPCL would give the buyer readymade access to 23 per cent of the fuel market share. But not many are interested in the high investment required for the gas field the firm holds in Mozambique or its minority shareholding in Petronet LNG Ltd," the source said.

The firm's 12.5 per cent stake in Petronet would require the buyer to not just make an open offer to the minority shareholder of BPCL but also to those of India's biggest liquefied natural gas (LNG) importer.

Some found it difficult to invest due to sustainability rules that make it tougher for them to buy a stake in an oil refiner. BPCL owns over 14 per cent of India's oil refining capacity.

The move by I Squared Capital could temper some of the euphoria generated by the recent sale of Air India to the Tata Group and could slow down the nation's biggest privatization drive.

Sources said US-based PE firms are finding it difficult to get funds and financial partners as a global push toward green energy and pressure to slash emissions is holding back companies from making large investments in fossil fuels.

The bidders for BPCL have been slow in conducting due diligence as they wait for new partners to join, they said adding the company allowed bidders virtual access to its financial data early April, but it hasn't progressed beyond the exchange of a few queries and some initial discussions with the company's management in the past six months.

BPCL owns 35.30 million tonnes of oil refining capacity spread over three refineries at Mumbai, Kochi in Kerala and Bina in Madhya Pradesh. It has 19,251 petrol pumps and 6,182 LPG distributors.

At current trading price, the government's 52.93 per cent stake is worth about Rs 49,000 crore. The successful bidder would also be required to make an open offer for an additional 26 per cent stake from minority shareholders which would be another Rs 24,000 crore.

The bidder would also have to make an open offer worth Rs 19,000 crore for Petronet and Indraprastha Gas Ltd, where BPCL is a promoter firm.

"Bidders are conducting due diligence, but uncertainty over the bidder consortium and process complexity, including valuation, may lead to potential delays," Fitch Ratings Ltd said in a commentary last month.

## Azure Power, 3 others looking to bid for Actis-owned Sprng Energy

NYSE-listed Azure Power, Macquarie, KKRand ReNew Power are among players weighing a bid for private equity firm Actis-owned renewable energy company, SprngEnergy, according to multiple people aware of the matter.

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A successful bidder would have to cough up $1 billion or more to buy Actis's stake in Sprng Energy, according to sources. The company also has $1 billion of debt, taking the enterprise value of the transaction to over $2 billion.

While Azure Power and ReNew Power have held financing discussions with banks to raise money for a bid, Macquarie and KKRhave approached due diligence advisors ahead of a Christmas deadline for submission of non-binding offers for the company, these people said.

The four possible contenders could be joined by two or three more competitors that could include Canada-based pension funds, these people said.

Final bids for Sprng Energy will need to be submitted by March.

Bank of America Merrill Lynch is the financial advisor to Actis on the sale of the company.

"This is probably the largest cheque that one could have to write for a buyout of a renewable energy company in India so far," an executive aware of the matter said.

Potential contenders have also been speaking to local banks for refinancing a portion of the company's existing debt if they were to succeed in the bid.

The company has plans to develop a portfolio of 9 GW of renewable energy, which predominantly comprises solar power generation, according to sources briefed on the matter.

It has an operational power generation capacity of around 2 GW.

Actis had invested $450 million to set up Sprng Energy in March 2017 with a plan to develop an India-focused renewable energy portfolio of assets.

The UK-based private equity investor recently closed a $4.7 billion fund to invest in infrastructure.

It has demonstrated a successful track record of investments in the renewable energy space in India. Prior to Sprng Energy, it had set up Ostro Energy, another renewable energy company, which it eventually sold to ReNew Power for an enterprise value of around $1.5 billion.

## Reliance considering bid for UK telecom firm BT in early talks: Report

Reliance Industries Ltd is considering an offer for British telecom company BT Group Plc, the Economic Times reported, citing unnamed sources familiar with the matter.

Reliance might make an unsolicited offer to buy into BT Group or will try to get a controlling share in it, the report said.

Alternatively, the Indian company may propose to work with BT's networking or fibre optic arm and fund its expansion.

It is not known if Reliance chairman Mukesh Ambani has met with BT chief executive officer Philip Jansen and outgoing chairman Jan du Plessis.

Reliance was outbid in September by a consortium of Apax and Warburg Pincus for control over a Dutch unit of T-Mobile.

# McLaren Technology plans to acquire major stake in Indian fintech firm



California-based McLaren Technology Acquisition Corp is looking to acquire a significant stake in an Indian fintech company preferably having a valuation in the range of USD 500 million to USD 2 billion, a top company official said.

McLaren Tech raised USD 201.25 million or about Rs 1,500 crore during its Nasdaq listing early this month for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses.

McLaren Technology Acquisition Corp (MTAC) chairman and CEO Saja Pillai told PTI that he believes there is a fintech movement around the world as most of the unicorns have been created in the fintech and artificial intelligence category in the last five years.

"If you look at the market value that has been created in the fintech space in the last 2-3 years, it is close to USD 5 trillion. By far fintech is the largest category in the digital category to invest. We are looking for a fintech company which has a minimum asset valuation in the range of USD 500 million and upper limit of USD 2 billion," Pillai said.

He said MTAC is the second Indian promoted special purpose acquisition vehicle to go for a listing at Nasdaq.

"The company where we will invest will get the opportunity to trade at Nasdaq from Day1," Pillai said.

He said that there is fintech at the front end which is the retail or consumer fintech where loan, leasing, buy now pay later happens.

"Next is wealth fintech, which is a significant category on its own. then you have mid core fintech, major core fintech, institution fintech and banking tech. We are looking at fintech that plays in all these fintech ladders," Pillai said.

He said equally valuable are the supply side of fintech which is KYC, payments and banking as a service category and the idea of MTAC is to combine fintech assets on the fintech ladder and on the supply side as well.

"The only other country with which you can compare the scale of fintech in India is China. Very few players in the world want to go and invest in Chinese fintech companies because of a particular situation. Therefore, there is tremendous opportunity for us," Pillai said.

MTAC chief financial officer Rajeev Nair said that the company will evaluate fintech firms and decide on the scale of investments that it plans to make.

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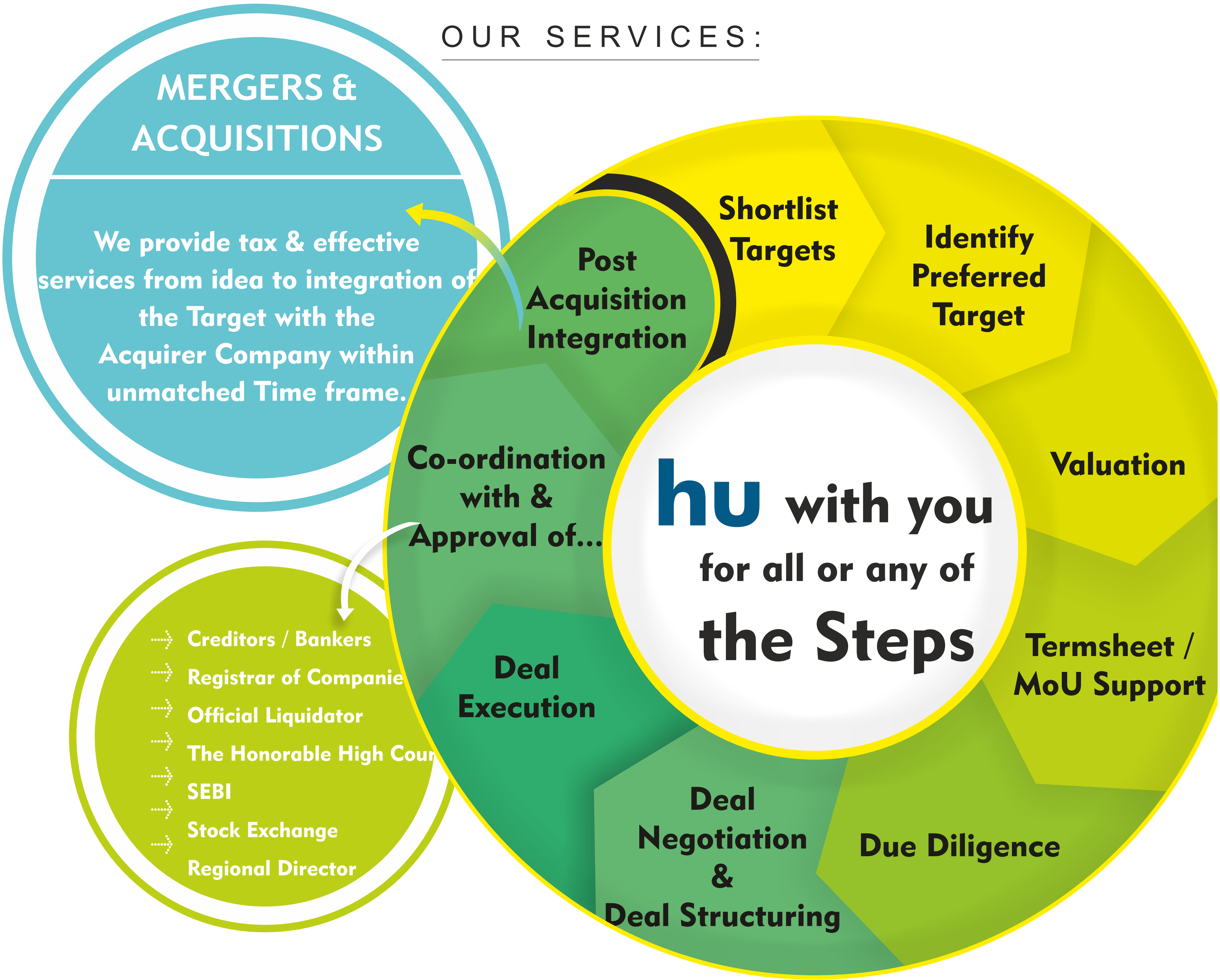


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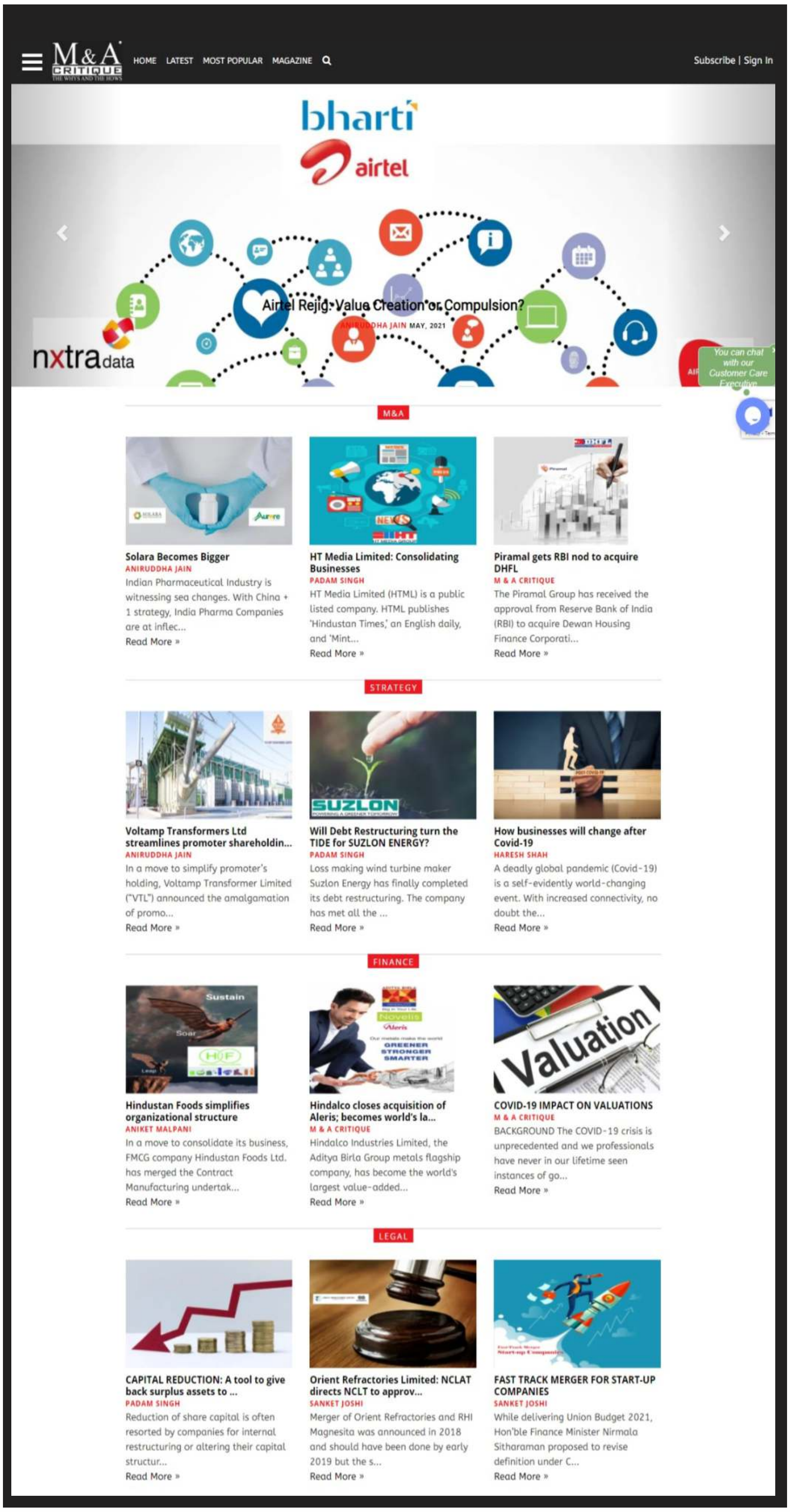


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